

The Post-Soviet Shambles

By Daniel Williams
Washington Post Service

MOSCOW — Even as the European Union prepares to charge into a new era of unity through a common currency, leaders of a would-be rival in the east will convene here Wednesday in a climate of disarray.

For the Commonwealth of Independent States, the successor organization to the Soviet Union, the choice is stark: Should its members paper over its evident collapse? Or should they try to start over from scratch?

While Western Europe moves doggedly toward something resembling a federal state, the dozen countries that for a variety of reasons remained in a loose arrangement with Russia are going their own ways. Many are forming mini-alliances among themselves, with their own narrow interests at

Successor Group Is in Disarray

heart and with one larger goal in mind: to avoid domination by Moscow.

For Russia, which regards itself as the anchor store of a large strategic mall, fragmentation is a diplomatic catastrophe. It has undermined Moscow's attempt to carve out a featured place for itself in global diplomacy and created an opening for the United States, Western Europe, China, Iran and Turkey to gain political and economic footholds in countries that, in many cases, were ruled by Russia for centuries.

In particular, outsiders are eager to exploit oil in Russia's former Central Asian empire. The scramble for contracts has set off a low-intensity struggle among oil-hungry countries to win friends in the region. As the

North Atlantic Treaty Organization expands into Central and Eastern Europe, Russia has no alliance at all, except with Belarus. Even its air defense system, dependent on the participation of countries that host and operate equipment, is running into trouble for lack of money.

So the summit meeting this week represents a desperate effort by Moscow to preserve the commonwealth, or CIS, which was conceived originally as an effort to reformulate the Soviet Union without the political, military or economic costs of union. A summit meeting last fall broke up in confusion. This time, officials hope to focus on economics and give its members concrete incentives to integrate.

The effort is a longshot. Although President Boris Yeltsin of Russia has declared 1998 "the year of the CIS,"

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Jobless Record in Japan

'Extraordinary' Increase Heightens Pessimism

By Sandra Sugawara
Washington Post Service

TOKYO — Unemployment in Japan reached a record high of 3.9 percent in March, the government said Tuesday, raising prospects that even with its largest-ever fiscal stimulus package, announced last week, Japan may be headed for more severe economic pain.

The March figure was the highest since 1953, when the government began its current method of compiling employment data. The unemployment rate was 3.6 percent in February, the Management and Coordination Agency said.

"This is very bad, much worse than expected," said Russell Jones, a Tokyo-based economist with Lehman Brothers. "This kind of rise in unemployment on a month-to-month basis is truly extraordinary for Japan, where the unemployment rates tend to move in very small steps."

Andrew Shipley, a Tokyo-based economist with Schroders, is predicting unemployment will rise to 4.4 percent this fiscal year, which ends March 31, 1999, and to 5.1 percent in the next fiscal year. "The economy is no longer generating jobs," he said.

A separate report from the Labor Ministry showed there were 58 jobs available for every 100 applicants in March, the lowest ratio of jobs available in 15 years. The bleak employment figures come just days after the government approved a 16 trillion yen (\$121.8 billion) economic stimulus package. A key part of that package was a round of tax cuts intended to free up consumers' money for spending, which would help the economy.

But economists warned that rising unemployment could increase consumer pessimism, which could curtail spending. Separate data released Tuesday showed that sales at Japan's large retail stores in March dropped 14.5 percent from a year earlier. That follows a 5.5 percent decline in February.

Prime Minister Ryutaro Hashimoto has been under increasing criticism for his inability to turn the economy around.

The Mainichi Shimbun, a daily newspaper, published a survey Tuesday indicating that 50 percent of those surveyed do not support Mr. Hashimoto. The newspaper said that the findings put Mr. Hashimoto in a "crisis zone" and quoted Koichi Kato, the secretary-general of the Liberal Democratic Party and an adviser of Mr. Hashimoto, as saying he was worried by the falling public support.

"The poor economy is hitting support for the administration hard," Mr. Kato said. "It is an ill wind ahead of the upper house elections," he said. The

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Unemployed Japanese men checking bulletin boards with lists of job possibilities on Tuesday at a public employment office in Tokyo.

In Tokyo, Albright Praises An Embattled, Loyal Ally

Stopover on Way to China Becomes a Pep Talk

By Steven Erlanger
New York Times Service

TOKYO — With Japanese officials upset that President Bill Clinton will not stop here on his way to or from China in June, Secretary of State Madeleine Albright went out of her way Tuesday to emphasize firm U.S.-Japanese ties, toning down American criticism of Japan's economic recovery efforts and praising the government's boldness and courage.

Mrs. Albright made a point of stopping first in Japan before she goes on to China, senior U.S. officials said. They added that she was considering a return trip here, too, after the Clinton summit meeting in Beijing to brief Japanese officials about the discussions. It is to be the first visit to China by an American president since the 1989 Tiananmen crackdown.

In February 1989, when President George Bush went to Beijing, he also visited Tokyo, meeting officials and attending the funeral of Emperor Hirohito. But the Chinese asked Mr. Clinton to stop only in China, since President Jiang Zemin stopped only in the United States when he attended a Washington summit meeting in October, and Mr. Clinton agreed.

Japanese officials have made their unhappiness clear to Washington, and the U.S. ambassador, Thomas Foley,

has stressed to Mrs. Albright and the White House that Mr. Clinton's pursuit of a new relationship with Communist China should not come at the expense of America's loyal Asian ally, Japan, which has an economy nearly seven times that of China's.

U.S. officials have explained that Japan, too, wants better relations with Beijing, and has encouraged Washington to strengthen its own ties with China. They say that Mr. Clinton has visited Japan twice, in 1993 and 1996, while no U.S. president has been to Beijing in nearly a decade.

Still, Mrs. Albright's public position Tuesday was designed to bolster Japanese confidence, and at a press conference and in a speech to students at Sophia University in Tokyo, she concentrated on praising the U.S.-Japanese relationship and its fundamental importance for Asian security.

Mrs. Albright's public lauding of embattled Prime Minister Ryutaro Hashimoto's \$128 billion package of economic stimulation, designed to improve growth here and stimulate Japanese imports from Asia and the United States, contrasted with Treasury Secretary Robert Rubin's more measured reaction Friday.

"Generally, we see this as a bold and important step forward by the gov-

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Cairo Talks Underscore Chill Over Israel Policy

By Douglas Jehl
New York Times Service

CAIRO — The leaders of Egypt and Israel held their first face-to-face meeting in nearly a year here Tuesday, but there was no sign that the session had healed strains between them over the stalled efforts toward a Middle East peace.

The discussions ended after just 90 minutes without the joint news conference that has been a staple of the three previous meetings between President Hosni Mubarak of Egypt and Prime Minister Benjamin Netanyahu of Israel.

An Egyptian statement carried by the Middle East News Agency said that Mr. Mubarak had urged Mr. Netanyahu to accept an American-backed proposal to restart peace negotiations between Israel and the Palestinians, which have been at an impasse for more than a year.

In recent days, Egyptian officials have expressed increasing concern that a further stalemate could kindle renewed violence, and they have said that the least Israel should do is to endorse the American plan, which calls for Israel to agree to withdraw from an additional 13 percent of West Bank land.

Mr. Mubarak described Israel's agreement to that proposal Tuesday as "the minimum of what is necessary to revive the peace process," the Egyptian statement said.

But Israel has insisted that so substantial a pullback would pose a major security risk, saying that it could accept a withdrawal of no more than 9 percent.

An Israeli official who spoke to reporters after the meeting said Mr. Netanyahu had told Mr. Mubarak that greater Palestinian flexibility would be necessary for any breakthrough.

The U.S. secretary of state, Madeleine Albright, is due to meet Monday in London with Mr. Netanyahu and with Yasser Arafat, the Palestinian leader, to try to push them toward common ground, and the session in Cairo Tuesday was part of a bid by Egypt to make sure that its voice would also be heard.

Mr. Mubarak and Mr. Netanyahu last met in Cairo in May 1997, a year after the conservative Israeli prime minister was elected. In the past year, Mr. Mubarak has become increasingly blunt in expressing distrust of Mr. Netanyahu, and the fact that the two leaders did not appear in public together Tuesday appeared to reflect the chill in their relationship.

In advance of the meeting, Mr. Mubarak met separately in recent days with his Palestinian, Syrian and Lebanese counterparts, and he said in an interview broadcast on NBC television Monday that it was time for Israel "to give us something concrete" toward peace with all three parties.

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Newsstand Prices		
Andorra	10.00 FF	Lebanon 11.3,000
Antilles	12.50 FF	Morocco 16 Dh
Cameroun	1.800 CFA	Oman 10.00 QR
Egypt	5.50 FF	Réunion 12.50 FF
France	10.00 FF	Saudi Arabia 10 SR
Gabon	1.100 CFA	Senegal 1.100 CFA
Italy	2.800 Lira	Spain 225 Ptas
Ivory Coast	1.250 CFA	Tunisia 1.250 Din
Jordan	1.250 JD	U.A.E. 10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.) \$1.20



Fabienne Courtiade of the mint in Paris etching on Tuesday an oversized plaster blank of French coins that will go with the euro.

Does the Euro Spell End Of Dollar's Domination?

New Money May Have Ripple Effect on U.S.

By Richard W. Stevenson
New York Times Service

WASHINGTON — For the better part of this century, the dollar has reigned supreme in global finance, both a symbol of American economic might and a contributor to it. But the forthcoming euro could eventually prove more powerful than the Deutsche mark or the Japanese yen.

This weekend, the 11 nations of the European Union that have chosen to participate in the first stage of monetary union will lock their exchange rates together in preparation for the program's formal start Jan. 1.

The international influence of the euro will ultimately depend on the economic strength of these European partners. Given the high unemployment rates and other problems afflicting the Continent — never mind the uncertainties about the willingness or ability of the individual countries to subordinate their needs for the common good — the new system's success can by no means be taken for granted.

Despite those doubts, there is a growing consensus on both sides of the Atlantic that monetary union will have substantial ripple effects on the United States. And the euro could bring profound changes to an international financial system in which the

dollar has been the anchor since a system of fixed exchange rates collapsed in the early 1970s and the dominant currency since the British pound started to lose influence and strength in the 1930s and '40s.

"Although the political, cultural and economic challenges are formidable," an International Monetary Fund study said, "the euro has the potential to reshape European and international financial markets and to transform" the world monetary system.

For the United States, the benefits of a successful euro could include greater political and economic stability on a continent that has spawned world wars. It could also make Europe an easier, less expensive region for American companies to sell their products and services.

But the United States could lose some of the prestige and diplomatic influence that goes with having a dominant currency. Borrowing costs could rise for the government and companies. Economic growth could be reduced.

Some prominent economists in the United States, like Paul Krugman of the Massachusetts Institute of Technology, say the euro's potential impact on American interests is overstated. And no one is predicting that

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Russia to Press Ahead on Cyprus Missiles

By Michael R. Gordon
New York Times Service

MOSCOW — Russia plans to deliver advanced air-defense missiles to Cyprus in August, a Russian official said Thursday, despite U.S. protests that the sale could sharply escalate tensions on the divided island.

The Clinton administration has repeatedly sought to block the sale of the S-300 system, as the ground-to-air missiles are known, and Turkey has threatened to take military action.

But on Thursday, Yevgeni Ananyev, director of the Russian arms-export monopoly Rosvooruzheniye, said that Russia intended to ship the weapons in late July or early August.

"The S-300 systems will be delivered on schedule according to the contract," Mr. Ananyev said. "They will be

shipped late in July. I believe that Cyprus will get them in the middle of August."

The comments came at a particularly critical moment. The U.S. special envoy Richard Holbrooke is scheduled to arrive in Cyprus on Friday to try to restart negotiations between the ethnic Greeks and Turks.

Cypriot officials have hinted that they might defer or cancel their arms purchase if serious negotiations get under way.

In the view of many Western analysts, Russia's plan to sell the S-300 is part of a disturbing pattern in which Moscow has used exports to prop up its ailing defense industry with little regard for the foreign-policy consequences.

Russia is reportedly receiving about \$200 million for the Cyprus deal. But Russia clearly hopes that the sale's notoriety will stimulate interest on the part of other customers.

Some U.S. specialists believe that Russia also has foreign-policy motivations. They say that the missile sale may serve Moscow's purposes by adding to the strains between Greece and Turkey — two NATO allies.

Proponents of this view note that the Greek defense minister, Apostolos Athanasiou Tsahatzopoulos, recently visited Moscow, where he was received by President Boris Yeltsin.

That Turkey is anxious about the deal is clear. When Turkish authorities received erroneous intelligence that the deal was already under way in recent months, it held up foreign ships traveling from Black Sea ports of Russia and Ukraine so that they could be inspected.

But Vladimir Rakhmanov, a spokesman for the Russian foreign minister,

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Sanctions Law Led Clinton to 'Fudge'

He Criticizes Automatic Punishment by U.S. of Other Countries' Behavior

By Elaine Sciolino
New York Times Service

WASHINGTON — President Bill Clinton has criticized laws that automatically impose sanctions on countries for behavior that Americans find unacceptable.

He said that such legislation put pressure on the executive branch to "fudge," or overlook, violations so that it would not have to carry out the sanctions.

Mr. Clinton made his unusually frank remarks Monday during an appearance before a group of about 60 evangelical Christian leaders at the White House.

Specifically, Mr. Clinton asked the group to withdraw its support for pending legislation that aims to reduce religious persecution overseas by imposing trade

and aid sanctions on repressive regimes.

Last week the House International Relations Committee approved, by 31 to 5, a bill that would impose export and aid sanctions on countries that endorse or permit violent attacks on religious believers. Among other provisions, the sanctions would ban imports from such countries, prohibit loans by multilateral institutions and make it easier for victims of religious persecution overseas to qualify for asylum or refugee status.

Mr. Clinton made it clear just how difficult it is for his administration to produce honest analyses about a country's behavior when Congress passes laws that require him to impose sanctions the moment a country violates what Congress defines as good behavior in a variety of areas.

These include human rights, drug cooperation and efforts to stop the spread of nuclear weapons.

Mr. Clinton singled out punitive legislation against Russia, Iran and Cuba as examples of congressional foreign policy initiatives that box him in.

"What always happens if you have automatic sanctions legislation is it puts enormous pressure on whoever is in the executive branch to fudge an evaluation of the facts of what is going on," Mr. Clinton said. "And that's not what you want. What you want is to leave the president some flexibility, including the ability to impose sanctions — some flexibility with a range of appropriate reactions."

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AGENDA

Bill to Pay Late UN Dues Faces a Veto

WASHINGTON (Reuters) — The Senate passed a bill Tuesday to pay nearly \$1 billion in back dues to the United Nations, but it faced an almost certain veto by President Bill Clinton

because of an anti-abortion provision attached by conservatives. The bill, which passed, 51 to 49, contains a provision that denies aid to international family-planning organizations that support abortion.

The Senate majority leader, Trent Lott of Mississippi, urged Mr. Clinton to think twice about vetoing the legislation, suggesting that it might be the only chance this year of getting the money for the United Nations.

The Dollar		
New York	Tuesday 4 P.M.	previous close
DM	1.794	1.7874
POUND	1.8675	1.8745
Yen	132.195	132.07
FF	6.0118	5.9968
The Dow		
Tuesday close	previous close	
-18.68	8898.96	8917.64
S&P 500		
change	Tuesday 4 P.M.	previous close
-1.43	1085.11	1086.54

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The Intermarket Pages 4, 8.
The IHT on-line www.ihnt.com

Busiest System in Nation / Queens Borough Caters to a New Wave

For Immigrants, U.S. Still Starts at a Library

By Blaine Harden
Washington Post Service

NEW YORK — Pin-Pin Lin treks twice a week with her two sons and a big shopping bag to a crowded library in the borough of Queens. The Taiwanese immigrant herds her boys as they plunder books from library shelves and toss them in the bag.

Sitting between her sons at a library table while they rifle through the books, she looks up words in an English-Cantonese dictionary and frets about any "no-good" English words they might read, speak or think.

"I no want to miss anything," explained Mrs. Lin, who every Thursday morning, when her boys are in school, attends English language class at the Queens library. "If I don't learn about American culture and speak English, I could lose them. If they think I not understand, they not do what I say."

Book-obsessed, worrywart immigrants like Pin-Pin Lin are the driving reason why the Queens Public Library is far and away the busiest in the United States. Most library books in Queens do not go out of date. They wear out from overuse and fall to pieces.

The library circulates the nation's highest number of books, tapes and videos — 15.3 million a year. In the sprawling borough that lies across the East River from Manhattan, library cardholders check out more books per capita than users of any big city library system in the country. The 1.95 million residents of Queens use the public library five times more

frequently than residents of the District of Columbia, for example.

The Los Angeles library serves about 1.4 million more people than the Queens library, but last year people in Queens checked out 4 million more books.

"We have complaints all the time from our older clientele, who want quiet and who want space. Well, our libraries aren't quiet and, for the most part, they aren't spacious," said Gary Strong, director of the Queens Public Library, one of three public library networks in the city. There is also a library system in Brooklyn while the New York Public Library serves Manhattan, the Bronx and Staten Island, the three other boroughs.

"The people who use our library are highly motivated," Mr. Strong added. "They want jobs. They want to learn how to live in America."

Queens has the highest percentage of foreign-born residents of any borough in New York, a city that at the end of the 20th century is sponging up one of the great waves of immigration in its history. Nearly half the residents of Queens speak a language other than English at home. More than a third were born in a foreign country.

The extraordinary love affair between immigrants and libraries is a century-old story in New York, as it is in other American cities that have been immigrant gateways. The most crowded libraries in New York have always been in neighborhoods with the largest population of recent immigrants.

That love affair continues at the end of the

century, but with complications, especially in Queens. The book lovers who elbow each other for space in the library's 62 branches are more than ever before a mixed bunch — racially, linguistically and culturally.

The busiest branch in the nation's busiest library system is in Flushing, which has been inundated in the last decade with Chinese, Korean, Indian, Russian, Colombian and Afghan immigrants. Until a handsome new library building opens this summer, the Flushing branch is crammed into a former furniture store.

INSIDE, there are not nearly enough little chairs for all the children who wiggle and squeal and devour picture book after picture book. Stacks of blue plastic-coated foam pads are available so children and parents can sit on the floor.

Lines form behind computer terminals that allow immigrants to search home country periodicals, using Chinese, Korean and Roman writing systems. "Watch Your Belongings!" signs warn in English, Spanish and Chinese.

There are no public toilets — space being too precious to waste on nonessentials. But there are librarians who speak Russian, Hindi, Chinese, Korean, Gujarati and Spanish.

"Have you ever wondered where the new South Asian materials are?" asks a sign taped to a pillar. "Well, wonder no more. They're here! You can find materials in: Bangali, Gujarati, Hindi, Malayalam and Urdu."

"We have gone from a dozen countries to a hundred countries," Mr. Strong said. "We are



Pin-Pin Lin with her sons John Lee, left, and Kevin Lee at the public library in Queens. She prefers that they take out books in English, sometimes 20 at a time.

not just waiting for them to come to us after they have solved all their problems, after they have a job and after they have the kids in school.

"We go after them. We advertise. We do not check their immigration status."

As immigrants make the transition from their native language to English, says Ruth Herzburg, the branch manager, they hunger for translations of potboiler American fiction, self-help books and computer books.

Many immigrants to Queens have technical skills, she says, and they demand science, technology and business books.

By spending more money per capita on books and other materials than any other major

urban American library system, the Queens Public Library has marshaled its resources to seduce each new group of immigrants and lure them into the branches.

The seduction starts by sending library emissaries to immigrant associations that work with recent arrivals. In the languages of the immigrants, they explain how the library can show them how to get a driver's license, navigate the Internet and learn English.

The library runs the largest English-as-a-second-language program in the country and says it could double its enrollment if it had more space and money.

"Starting with survival skills, they get introduced to the library, and it is the beginning of a lifelong habit," said William Acasman Tandler, head of the library's New Americans program and herself an immigrant from Brazil.

Using census data and a demographics and by commissioning polls among Queens residents, the library has been able to spot holes in library usage.

The biggest hole in the late 1980s was among Spanish-speakers. The library went after them with an aggressive public relations campaign. It translated applications for library cards into Spanish, purchased spots on Spanish radio and pulled together a Spanish collection of 100,000 items in 10 branches.

"In just three years, we found that Spanish speakers were using the library as much as anybody in the borough," Mrs. Acasman Tandler said. "They read everything from Cervantes to 'Superman.' The secret of our success is that we give people what they want, instead of what we think they should have."

WHAT ADULTS want, above all else, is translations of American bestsellers in their own language.

The library tries to buy them quickly and in quantity. At the Flushing branch, the head librarian has about \$125,000 a year to spend as she wishes on "hot" books.

"We don't wait for the central office to send out popular books. We like to go around to all the local bookstores and buy popular books off the shelves," said Mrs. Herzburg, the branch manager.

"All the books are in foreign languages. We don't even have an English-language bookstore in Flushing."

Pin-Pin Lin tries to steer her boys, ages 10 and 13, away from Chinese-language books. She prefers that they read only in English. To that end, she makes sure they leave the library after each visit with 20 or so English books in the shopping bag.

"I don't care if they read all," she says. "Kid is kid. If they don't like books, I bring them back and get more."

And for Some, Gold Still Paves the Streets

By Mark Leibovich and Mike Mills
Washington Post Service

WASHINGTON — The classic dream of entrepreneurial America came true in Landover, Maryland, on Monday: Jeong Kim, a Korean-born immigrant who once worked the night shift at a 7-Eleven store to put himself through school, sold his company — for \$1 billion.

Under the deal, \$510 million is to go to Mr. Kim, the rest to the other shareholders of Yurie Systems Inc., a maker of advanced communications equipment. His share will put him on Fortune magazine's list of the 100 richest high-tech executives in America.

"I had always felt I wasn't the smartest," Mr. Kim, 37, said. So he compensated by working impossibly long hours — 120 hours a week early on, he said.

"People can look at someone like me," he said. "They see someone who looks different, who speaks with a funny accent, and maybe they'll say, if I set my goals high, maybe I can succeed like that, too."

Financed by credit cards and second mortgages, and getting some initial help from a government program for minority-owned businesses, Mr. Kim built Yurie in just five years into a world leader in an emerging field of advanced data-transmission known as "asynchronous transfer mode."

The company makes a gizmo that is much sought after by companies seeking less expensive ways to handle voice and data transmissions. Its main product, dubbed the "Yurie box," is an electronic device that helps transmit data, voice and video feeds over the same computer network. This allows for faster and more efficient communications.

Mr. Kim and Yurie (he named it after his

eldest daughter) are the most dramatic example to date of the wealth being generated wholesale by the technology companies that dot the Capital Beltway around Washington, employing close to a quarter-million people. Companies born from government contracts, such as Yurie, are expanding into the commercial world in such fields as software and the Internet.

Removed from the staid and insular world of retail, banking and real-estate companies that once dominated the region's economy, they are transforming the area into a fertile entrepreneurial zone. "Yurie is a billboard for America being a nation of immigrants and a place of opportunity," said James Woolsey, a former head of the CIA and a member of the Yurie board of directors.

The company's growth has consistently defied expectations: Yurie's most recent quarterly profit showed an increase of 456 percent from a year earlier, to \$3.8 million, while sales soared 127 percent, to \$19.1 million. Today, Yurie accounts for a big share of what is still a relatively small market — \$122 million in sales a year for asynchronous transfer equipment, according to a market research firm.

But prospects for the company and the market seem so attractive that a manufacturer of phone equipment, Lucent Technologies Inc., made Mr. Kim the \$1 billion offer he couldn't refuse. The deal is subject to regulatory approval.

The rocket-like ascendancy of the company, which today employs 240 people, is closely entwined with Mr. Kim's immigrant struggle.

He arrived in Anne Arundel County in Maryland from Seoul with his parents when he was 14. He attended class during the day and worked the counter at a 7-Eleven at night so he could go to college.

Some classmates teased him because of his

accent and Asian heritage. Mr. Kim recalled. "People who are successful are often those who feel they have something to prove," he said. Still, he added, "I got to a point where I was essentially comfortable with myself," and he embarked on a mission to build his own company.

He won a scholarship to study electrical engineering at Johns Hopkins University in Baltimore, graduated in three years, then earned a doctorate in engineering from the University of Maryland in only two. He spent seven years as an officer on a U.S. Navy nuclear submarine.

After he left the navy, Mr. Kim worked as a contract engineer for AlliedSignal Inc. at the Naval Research Laboratory. There he came up with an idea on how to use asynchronous transfer technology to give the military something that had long been on its wish list: multimedia communications with the battlefield in the form of instant voice, data and video feeds.

AT THE laboratory, he was encouraged by Herbert Rabin, an associate director who had been an associate dean at the University of Maryland and created Yurie in 1992, under the name Integrated Systems Technologies, as a company that qualified for the Small Business Administration's minority-preference program. Helped by Mr. Rabin's contacts, Yurie amassed a board of directors that includes, along with Mr. Woolsey, William Perry, a former defense secretary, and Kenneth Brody, a former head of the Export-Import Bank.

The company captured the attention of the Pentagon almost immediately. A prototype



Jeong Kim, who founded Yurie Systems Inc. six years ago, has sold it for a round billion dollars.

Yurie box strapped to a Jeep was used to pipe video pictures of polling booths during elections in Haiti in 1995. Yurie equipment also saw action in Bosnia.

Soon, the firm was attracting attention from big companies. In 1995, Yurie signed an exclusive deal with AT&T Corp.'s equipment division, which later became Lucent, to market its products to federal agencies.

After \$6 million of sales through that channel, Mr. Kim got AT&T to drop its exclusivity requirement and struck separate sales deals with other big equipment companies such as Bay Networks Inc., Ericsson Inc. and Lucent. Yurie found itself supplying the world in a rapidly growing market. Last year, it sold its first shares to the public.

Mr. Kim avoids any hint that his success will change him. An avid racquetball player, he said he had always made a point of playing people who were better than he was and would continue that approach. "I always try to win, but losing teaches me humility," he said.

TRAVEL UPDATE

Italian Beaches: A Little Cleaner

ROME (AP) — The number of Italian beaches deemed safe for swimming has increased slightly since last year, according to a Health Ministry report released Tuesday.

It said that 68.5 percent of the country's coastline was clean, up from 67.1 percent last year.

The regions of Molise and Abruzzo, on the central Adriatic coast, were judged to have the cleanest water for bathing. The Campania region around Naples and the shore west of Rome have the most polluted waters.

TAP Air Portugal pilots have voted to hold sporadic 48-hour strikes this summer while the Expo 98 world's fair is underway because of a dispute over hiring new pilots. (AP)

The British ambassador to Hungary has expressed concern to Budapest about a recent surge of consumer crime, chiefly swindles, directed against foreign visitors. Most incidents involve high taxi fares and restaurant bills. (Reuters)

Romania faces an uphill battle to cope with an influx of visitors expected for a total solar eclipse Aug. 11, 1999. Eclipsa 1999, an association of scientists, said the authorities had done little to prepare for the 200,000 visitors. (Reuters)

Amtrak's ridership and on-time performance both improved in the U.S. railroad's most recent quarter, continuing a trend that began last year. From January to March, more than 4.7 million passengers rode Amtrak trains, or 5.8 percent more than in the same period a year ago. (AP)

City officials in Denver apologized to thousands of passengers who were delayed when an underground train at Denver International Airport malfunctioned. (AP)

Turn here for

THE INTERMARKET

Don't miss it. A lot happens there.

WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.

Europe

Country	High	Low	Conditions
Algeria	18/22	12/16	Partly cloudy
Amsterdam	17/22	11/16	Partly cloudy
Antwerp	17/22	11/16	Partly cloudy
Athens	17/22	11/16	Partly cloudy
Berlin	17/22	11/16	Partly cloudy
Bombay	28/30	19/23	Partly cloudy
Buenos Aires	21/27	15/21	Partly cloudy
Calcutta	28/30	19/23	Partly cloudy
Cairo	28/30	19/23	Partly cloudy
Chennai	28/30	19/23	Partly cloudy
Copenhagen	18/22	12/16	Partly cloudy
Costa Del Sol	21/27	15/21	Partly cloudy
Dublin	17/22	11/16	Partly cloudy
Edinburgh	17/22	11/16	Partly cloudy
Geneva	17/22	11/16	Partly cloudy
Helsinki	17/22	11/16	Partly cloudy
Hong Kong	28/30	19/23	Partly cloudy
London	17/22	11/16	Partly cloudy
Madras	28/30	19/23	Partly cloudy
Manila	28/30	19/23	Partly cloudy
Mumbai	28/30	19/23	Partly cloudy
Nairobi	28/30	19/23	Partly cloudy
Paris	17/22	11/16	Partly cloudy
Rangoon	28/30	19/23	Partly cloudy
Seoul	28/30	19/23	Partly cloudy
Singapore	28/30	19/23	Partly cloudy
Taipei	28/30	19/23	Partly cloudy
Tokyo	28/30	19/23	Partly cloudy
Yokohama	28/30	19/23	Partly cloudy

North America

Country	High	Low	Conditions
Alaska	17/22	11/16	Partly cloudy
Arizona	28/30	19/23	Partly cloudy
California	28/30	19/23	Partly cloudy
Canada	28/30	19/23	Partly cloudy
Florida	28/30	19/23	Partly cloudy
Georgia	28/30	19/23	Partly cloudy
Hawaii	28/30	19/23	Partly cloudy
Idaho	28/30	19/23	Partly cloudy
Illinois	28/30	19/23	Partly cloudy
Indiana	28/30	19/23	Partly cloudy
Iowa	28/30	19/23	Partly cloudy
Kansas	28/30	19/23	Partly cloudy
Kentucky	28/30	19/23	Partly cloudy
Louisiana	28/30	19/23	Partly cloudy
Maine	28/30	19/23	Partly cloudy
Maryland	28/30	19/23	Partly cloudy
Massachusetts	28/30	19/23	Partly cloudy
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Minnesota	28/30	19/23	Partly cloudy
Mississippi	28/30	19/23	Partly cloudy
Missouri	28/30	19/23	Partly cloudy
Montana	28/30	19/23	Partly cloudy
Nebraska	28/30	19/23	Partly cloudy
Nevada	28/30	19/23	Partly cloudy
New Hampshire	28/30	19/23	Partly cloudy
New Jersey	28/30	19/23	Partly cloudy
New Mexico	28/30	19/23	Partly cloudy
New York	28/30	19/23	Partly cloudy
North Carolina	28/30	19/23	Partly cloudy
North Dakota	28/30	19/23	Partly cloudy
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Oregon	28/30	19/23	Partly cloudy
Pennsylvania	28/30	19/23	Partly cloudy
Rhode Island	28/30	19/23	Partly cloudy
South Carolina	28/30	19/23	Partly cloudy
South Dakota	28/30	19/23	Partly cloudy
Tennessee	28/30	19/23	Partly cloudy
Texas	28/30	19/23	Partly cloudy
Vermont	28/30	19/23	Partly cloudy
Virginia	28/30	19/23	Partly cloudy
Washington	28/30	19/23	Partly cloudy
West Virginia	28/30	19/23	Partly cloudy
Wisconsin	28/30	19/23	Partly cloudy
Wyoming	28/30	19/23	Partly cloudy

Asia

Country	High	Low	Conditions
Algeria	18/22	12/16	Partly cloudy
Amsterdam	17/22	11/16	Partly cloudy
Antwerp	17/22	11/16	Partly cloudy
Athens	17/22	11/16	Partly cloudy
Berlin	17/22	11/16	Partly cloudy
Bombay	28/30	19/23	Partly cloudy
Buenos Aires	21/27	15/21	Partly cloudy
Calcutta	28/30	19/23	Partly cloudy
Cairo	28/30	19/23	Partly cloudy
Chennai	28/30	19/23	Partly cloudy
Copenhagen	18/22	12/16	Partly cloudy
Costa Del Sol	21/27	15/21	Partly cloudy
Dublin	17/22	11/16	Partly cloudy
Edinburgh	17/22	11/16	Partly cloudy
Geneva	17/22	11/16	Partly cloudy
Helsinki	17/22	11/16	Partly cloudy
Hong Kong	28/30	19/23	Partly cloudy
London	17/22	11/16	Partly cloudy
Madras	28/30	19/23	Partly cloudy
Manila	28/30	19/23	Partly cloudy
Mumbai	28/30	19/23	Partly cloudy
Nairobi	28/30	19/23	Partly cloudy
Paris	17/22	11/16	Partly cloudy
Rangoon	28/30	19/23	Partly cloudy
Seoul	28/30	19/23	Partly cloudy
Singapore	28/30	19/23	Partly cloudy
Taipei	28/30	19/23	Partly cloudy
Tokyo	28/30	19/23	Partly cloudy
Yokohama	28/30	19/23	Partly cloudy

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THE AMERICAS

Partisans Draw Line in Inquiry on IRS Conduct

By Albert B. Crenshaw
Washington Post Service

WASHINGTON — The Senate Finance Committee, hoping to keep alive the issue it so successfully raised last fall with testimony of taxpayer abuse, opened four more days of hearings Tuesday into the Internal Revenue Service, focusing on alleged improper conduct by criminal investigators, racial discrimination, favoritism and other agency management issues.

But even before the first witness stepped in front of the panel, charges and countercharges had begun to swirl. Republicans sought to portray Democrats as protecting an outlaw agency and Democrats tried to show that Republicans were more interested in scoring political points than in reform.

The latest fracas was prompted by the release by Democrats of a Treasury Department report that concluded that key accusations made by an IRS agent, Jennifer Long, in hearings last fall could not be substantiated. The Senate majority leader, Trent Lott, Republican of Mississippi, characterized the release of the report as "an attempt to intimidate witnesses that we were planning on having this week."

Ms. Long testified that IRS officials had fabricated evidence to show that taxpayers owed more than they did and that they targeted low-income taxpayers for audits. She said she stood by her testimony, and Mr. Lott said, "I believe Jennifer Long."

"It's dangerous, quite frankly, to come before the Finance Committee and tell the truth about what's happening at the IRS," Mr. Lott said.

In a preemptive strike Monday, the Treasury Department announced a seven-point plan to improve oversight of the tax agency's criminal investigation division. The Washington Post reported last week that IRS criminal investigators sometimes raided and disrupted businesses on the unsubstantiated word of informants who turned out to be wrong and may have had ulterior motives.

The agency has reviewed its procedures and is satisfied with them, but a senior Treasury official said the new procedures, which include improved reporting of complaints, were needed to ensure that "concerns that have been raised are addressed publicly."

The new plan will guarantee "an absolutely objective and fair review of current procedures," the official said.

The chairman of the Senate Finance Committee, William Roth Jr., Republican of Delaware, said he was "pleased that our investigation has already prompted action from the IRS toward improving the criminal investigation division."

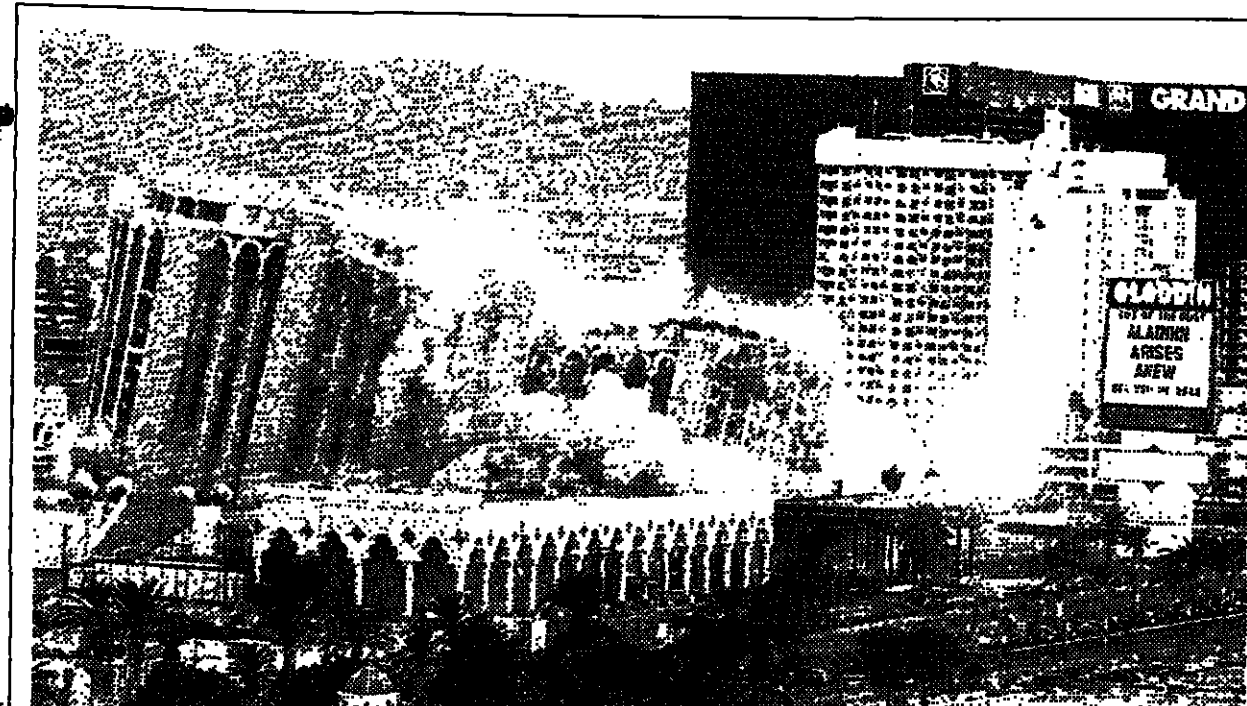
Mr. Roth said the committee would examine instances of armed raids by the division on taxpayers "who are neither violent nor dangerous," and will look at possible racial discrimination within the agency, along with charges that agency workers are disciplined differently for committing the same offense.

"These are serious issues, not partisan politics," Mr. Roth said.

Clearly, though, both parties see the hearings as preliminary to larger political battles.

Democrats fear they will be tarred by association with an unpopular agency in the fall elections and that, in the long run, the continuing assaults on the Internal Revenue Service will undercut voluntary compliance with tax laws. The full House and the Senate Finance Committee have already approved bills to restructure the agency.

Some Republicans apparently hope to parlay voter dislike of the tax agency into support for an entirely new tax system.



IMPLOSION — The Aladdin Hotel in Las Vegas being destroyed to make room for a new megaresort.

Away From Politics

- Federal investigators have cleared James Hoffa to run for the Teamsters presidency, making him the front-runner in the race to control the largest U.S. trade union. (WP)
- A late-night fire sent smoke pouring through a home for the elderly in Arlington, Washington, killing five people and critically injuring two others. (AP)
- A woman whose 6-year-old godson was shot and killed

- as she prepared his birthday party in Greensboro, North Carolina, has been charged with failing to keep her gun away from the 4-year-old who fired it. (AP)
- Blacks and Jews believe the relationship between their communities has improved in the past year, according to a national poll presented at Yeshiva University. (AP)
- Despite the deaths of baby rats aboard the space shuttle Columbia, scientists say they can salvage the mission's brain development studies. NASA said that nearly half of the 96 baby rats died as a result of maternal neglect. (AP)

Justices Back Big Terms for Drug Dealers

The Associated Press

WASHINGTON — The Supreme Court on Tuesday gave federal judges greater power to impose longer terms behind bars for some convicted drug traffickers, unanimously upholding the prison sentences given to five Illinois men.

Writing for the court, Justice Stephen Breyer said it did not matter that a federal jury did not make clear whether it found the men guilty of conspiring to distribute cocaine in its powder or "crack" form. The sentencing judge was free, Justice Breyer said, to sentence the men as if they had been convicted of dealing in both illegal drugs.

Under federal sentencing guidelines, the punishment for crack-related crimes is much tougher than crimes linked to powder cocaine.

The men were convicted in 1993 for their participation in a drug-selling conspiracy based in Rockford, Illinois.

The trial judge told jurors they could convict the men of violating a federal drug-conspiracy law if prosecutors proved they were involved with measurable amounts of powdered cocaine or of crack cocaine. After the jury found the men guilty of participating in an illegal conspiracy, the judge sentenced them based on his finding that the illegal conduct involved both cocaine and crack.

Two were sentenced to life in prison. The other three received prison sentences of 10 to 26 years, and a federal appeals court upheld all five sentences. All five men appealed, contending that they were entitled to shorter sentences or even a new sentencing proceeding. But Tuesday's ruling rejected those arguments.

Tobacco: A Threat To Minorities' Health

WASHINGTON — In a report that afforded President Bill Clinton the perfect opportunity to renew his call for comprehensive tobacco legislation, the surgeon general, David Satcher, has warned that increases in smoking by minorities, especially minority teenagers, threaten to reverse significant declines in the incidence of cancer.

The study, the first surgeon general's report to examine the health risks that tobacco poses to minorities, found that American Indians and Alaska natives were the ethnic groups most at risk. Forty percent of them smoked, compared with 25 percent of the general U.S. population. From 1990 to 1995, while lung cancer deaths declined among other minority groups, they rose among American Indians and Alaska natives, the study found.

Among teenagers, cigarette use increased among all racial and ethnic groups in the 1990s. But it was rising most rapidly among blacks, reversing declines in that population in the 1970s and 1980s.

If the pattern continues, Dr. Satcher estimated, 1.6 million black children will become regular smokers, and 500,000 will die as a result.

"These increases in tobacco use are a time bomb for our minority populations," the surgeon general said at a White House ceremony to present the report. He concluded: "Smoking is the most preventable cause of death in America. So let's get busy and prevent it."

Dr. Satcher then presented the 332-page tome to the president, who wasted no time in denouncing the tobacco industry for advertising to young people.

Nearly three dozen children dressed in T-shirts with the logo of the Na-

tional Center for Tobacco-Free Kids, a Washington advocacy group, lined up behind Mr. Clinton as he spoke.

"They're just kids. We're the grown-ups," Mr. Clinton said. "If we know what the danger is, and we know what the remedy is, are we going to do what it takes to save their lives and their health and their future, or not?" (NYT)

School Fund-Raiser Gets Presidential Gift

WASHINGTON — Chelsea Clinton may have graduated from Sidwell Friends last year, but President Bill Clinton still cares enough about his daughter's private school to donate a little something to its scholarship fund-raising auction.

It's a black-on-black walking stick. The president received hundreds of canes when he injured his knee last year, the auction catalogue said, "but this is one of the few he actually used and he chose it especially for the auction." The event will take place May 9.

The cane is valued at \$250, a far cry from the \$86,000 winning bid for a golf game with the duffer in chief two years ago. (WP)

Quote/Unquote

Senator Jesse Helms, Republican of North Carolina, who heads the Foreign Relations Committee, as the Senate debated amendments that may be tacked on to the NATO resolution on enlargement, including one requiring that countries join the European Union before applying to NATO: "With all due respect to our friends in Europe, the European Union could not fight its way out of a wet paper bag." (NYT)

Chretien's Gentle Foray Into Castro's Turf

Canadian Touches on Rights and Firms Up Some Business Dealings

By Anthony DePalma
New York Times Service

HAVANA — Prime Minister Jean Chretien set modest goals for his first visit to Cuba this week: further Canada's substantial business interests here and prod Cuba into doing something about human rights.

After meeting for several hours with President Fidel Castro on Monday, Mr. Chretien had a commitment from Cuba to negotiate a foreign investment protection agreement with Canada. Havana also agreed to pay \$10 million to a Canadian insurance company that lost its business in Cuba after the 1959 revolution.

But on human rights, Mr. Chretien failed to win any concessions.

At one point during his meeting with Mr. Castro at the Palace of the Revolution, Mr. Chretien said he handed the Cuban leader a list of political prisoners that Canada wants released. The dissidents — Marta Beatriz Roque, Vladimir Roca, Felix Bonne and Rene Gomez Manzano — were detained on July 16, 1997, for the "counterrevolutionary" activity of calling for democratic reforms.

"He defended his legal system," Mr. Chretien said, "but he took the list and said he was to consider it."

Mr. Chretien declined to meet with Elizandro Sanchez, one of Cuba's leading dissidents. But his chief foreign policy adviser and other officials met with Mr. Sanchez and other dissidents for more than an hour.

Mr. Chretien's 41-hour visit to Havana, the first by a Canadian prime minister since Pierre Elliott Trudeau came to skin-dive with Mr. Castro in 1976, comes at a delicate moment.

Against the wishes of some Cuban-Americans and hard-line opponents to the Castro government in the United States, the Clinton administration has moved to ease the 36-year economic embargo against Cuba slightly.

Last month, President Bill Clinton agreed to lift bans on direct flights to Cuba and cash remittances that allow families to send dollars to Cuba. He also said he would make it easier for medicine to be shipped to Cuba.

At the same time, Mr. Castro has been more bellicose than ever in his condemnation of the U.S. embargo, going so far this week as to compare the embargo to "a new version of the Holocaust," and suggest that U.S. officials should be tried as war criminals before an international court.

On Monday, the White House spokesman, Michael McCurry, called Mr. Castro's comments "ample evidence of what an 'outlier' he is in the world community." He also criticized Canada's position toward Cuba.

"We certainly understand their desire to achieve change through engagement," Mr. McCurry said. "We do not believe there is evidence that engagement with Cuba has produced any change."

Mr. Chretien called Mr. Clinton two weeks ago to advise him of the trip, and said Monday that Mr. Clinton had asked him only to bring up the question of Cuba's record on human rights. "The only comment he made to me was 'I hope, Jean, that you will raise human rights,'" Mr. Chretien said. "And it was the first item of the presentation I made this morning."

Canada has never tried to enforce the U.S. embargo against Cuba, much to

Washington's displeasure. In January 1997, the Canadian foreign minister, Lloyd Axworthy, paid a brief visit to Havana. Since then, Cuban officials have visited Ottawa, and earlier this month Canada agreed to take 14 political prisoners exiled by the Castro government.

From the moment Mr. Chretien arrived Sunday night to dedicate a new airport terminal in Havana that was financed, designed and built by Canadians, it was clear that the prime minister's modest goals for the trip would be overshadowed by Mr. Castro's attempts to defy the United States.

While Mr. Chretien outlined Canada's desire to see Cuba move more closely into "a more dynamic, more democratic, more prosperous hemisphere," Mr. Castro lambasted the United States.

"No state should pretend to have the right to starve another people to death," Mr. Castro said. "That is turning a nation into a ghetto and imposing on it a new version of the Holocaust."

Guatemala Acts Fast on Bishop's Death

The Associated Press

GUATEMALA CITY — The Guatemalan government has announced it is setting up an investigating board that includes four church human rights workers after Roman Catholic leaders challenged it to solve quickly the assassination of one of their bishops.

Bishop Juan Gerardi Conedera was bludgeoned to death Sunday night, two days after the release of a report he had compiled on atrocities during Guatemala's 36-year civil war. Bishop Gerardi, a leading human rights activist, was found in a pool of blood in the garage of his San Sebastian parish home.

A church spokesman, Monsignor

Efrain Hernandez, read a statement to reporters Monday night saying, "We demand that competent authorities clarify this tragedy in no later than 72 hours."

"If the pattern of impunity includes this case, the government will face a serious cost," he added, without elaborating.

At the Vatican, Pope John Paul II expressed his "strongest revulsion" over the killing, calling the assassination an "abominable crime" against someone who had devoted his life to peace.

Mary Robinson, the UN High Commissioner for Human Rights, echoed those comments, urging the Guatemalan

authorities "to make all efforts to bring to justice those responsible for this heinous crime."

President Alvaro Arzu's administration called for three days of national mourning and set up a six-member investigating board that includes four church human rights workers.

But the government rejected the church's ultimatum.

"There can be no deadlines in cases like this," Mr. Arzu said after presenting his condolences at the Metropolitan Cathedral, where the bishop's body lay in a coffin before the altar. "All I can say is that we will do everything possible."

Investigators say they have no suspects.

Panel Seeks More Safety for Night Clerks

Los Angeles Times Service

WASHINGTON — The Occupational Safety and Health Administration announced recommendations Tuesday intended to improve the safety of retail clerks, who are gunned down in such numbers that their jobs rank among the most dangerous in America.

The action follows a political controversy in which the retail industry has strenuously objected to federal efforts to create basic protections for night clerks of convenience stores and other retail outlets. Government studies show that about 1,000 workers, almost half of them employed in retail stores,

are killed every year in robberies, while 18,000 others are victims of assault and other violence.

Over the strong objections of the industry, the federal agency recommended that retail outlets with a history of crime use bulletproof glass or employ at least two clerks at night.

The recommendations are nonbinding, but victims' groups said they represent a major victory for a low-income group that has little political clout.

"It is our first accomplishment in 20 years," said Nancy Carothers, whose father was gunned down in a 7-Eleven convenience store. "We have always been squashed by the industry."

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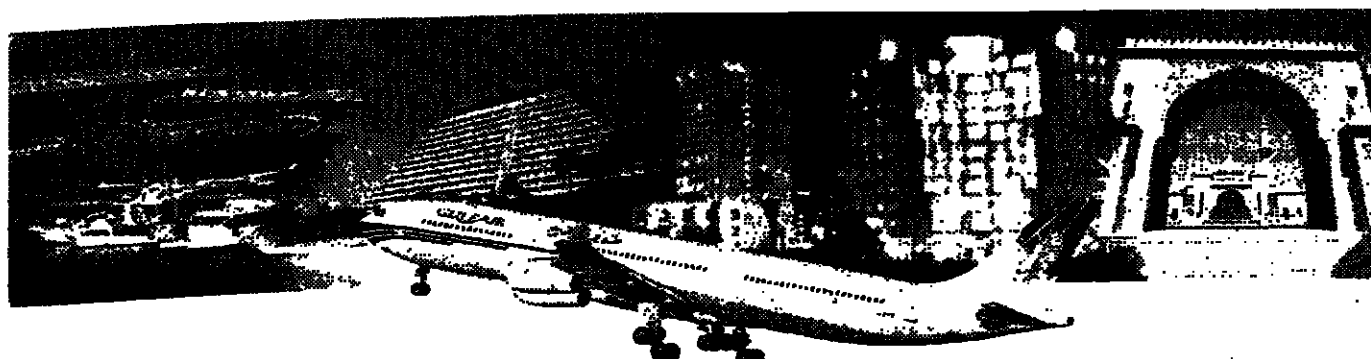
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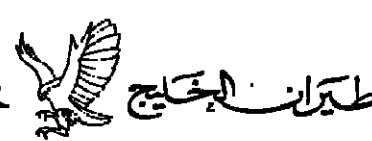


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EUROPE

Senate Debates Cap on NATO Costs

As Enlargement Vote Nears, First Real Discussions Are Held

By Eric Schmitt
New York Times Service

WASHINGTON — After several months of occasional hearings and monologues, the Senate has begun a real debate over the future of NATO. Advocates of expanding the military alliance say it would unite and stabilize Europe, but opponents argue that it will antagonize Russia and perhaps ignite a nuclear calamity.

"These countries are knocking at the door at the family of freedom," said Senator Joseph Lieberman, Democrat of Connecticut. "After all those years of living in effective slavery, they've turned to us and said, 'We have the opportunity to express our national will, to be free.'"

But Senator John Warner, Republican of Virginia, warned that expansion now would commit Americans to underwriting a "blank check" to an ill-defined military organization.

"It will be, 'Call if there's a problem,'" Mr. Warner said. "Dial-a-cop, dial-a-soldier."

Last month, more than 20 senators gave speeches about the merits of admitting Poland, Hungary and the Czech Republic. But many senators complained that the most important foreign policy matter in decades was being treated like legislative filler and suggested that the Senate was slighting its constitutional duty to address a complex issue.

That changed Monday. Senator Trent Lott of Mississippi, the majority leader, promised that NATO would be the Senate's primary legislative business until a final vote is taken this week.

"We have not, will not and the Senate

should not rush to judgment on a treaty of this magnitude," said Mr. Lott, who supports expansion.

He and his Democratic counterpart, Senator Thomas Daschle of South Dakota, predicted that the Senate would overwhelmingly approve the expansion. Approval requires a two-thirds majority of the 100 senators.

Supporters of the North Atlantic Treaty Organization argue that enlarging it improves U.S. national security by expanding the number of democratic countries in Europe. At the same time, enlargement provides a hedge against a resurgent Russia and enhances NATO's overall military capabilities.

Opponents argue that pushing the organization eastward will unsettle the important U.S.-Russia relationship and damage efforts to limit even further Moscow's nuclear arsenal.

Critics also fear that the United States may have to help pay to bring the military forces of new members up to NATO standards and that the organization's traditional mission could be diluted by increasing peacekeeping roles.

The Clinton administration and congressional supporters of NATO expansion remain confident that they have the votes, but an unusual coalition of liberal and conservative business leaders and activists has mounted a grass-roots campaign in recent weeks to defeat the resolution.

For this reason, supporters are not letting up.

On Tuesday, the Senate debated an amendment to cap the total U.S. share of the financial costs of enlarging NATO at 25 percent.

"We shouldn't sign the American taxpayer's name to a blank check," said

Senator Tom Harkin, Democrat of Iowa and sponsor of the amendment. "There must be specific guarantees for the American people on the financial costs of NATO expansion."

He argued that the Europe of today is vastly different from the one that led to NATO's creation nearly 50 years ago. "There is no Soviet Union, there is no external threat," he argued. "Europe has been rebuilt, the Cold War's over, let's look ahead."

Other senators, including some from his party, argued strenuously that such a cap could dangerously limit U.S. military expenditures in the future.

"I don't think we should hamstringing now our ability, as the Senate, as the Congress, to respond to whatever things might occur," said Senator Gordon Smith, Republican of Oregon.

With Mr. Lott's promise to focus on NATO this week, the Senate found its voice Monday on a resolution to add the three former foes to the alliance.

"If the Senate ratifies enlargement, we will have set the foundation for decades of European peace and prosperity," said Senator Richard Lugar, Republican of Indiana. "If we fail, historians may look back at the early post-Cold War period as a tragic loss of opportunities."

Then Senator Daniel Patrick Moynihan, Democrat of New York, repeated his warning that enlarging NATO could lead the United States to "stumble into the catastrophe of nuclear war with Russia."

"We're right back to where we were in the 1950s," Mr. Moynihan said, evoking the hair-trigger tensions of the Cold War.

Contact Group Sets Meeting on Kosovo

ROME — The United States and five European nations are to meet Wednesday in Rome to consider efforts to quell rising tension in Kosovo and to persuade Yugoslavia to negotiate with ethnic Albanian leaders on ending the potentially explosive crisis.

The big question will be whether the six-nation Contact Group will itself be able to agree on nothing up pressure on President Slobodan Milosevic by imposing further sanctions on his country or by giving him yet another breathing space for dialogue.

Senior officials of the United States, Russia, Britain, France, Germany and Italy will have various options to discuss, including offering incentives for Belgrade to cooperate. (Reuters)

Patten Might Lead Ulster Policing Panel

BELFAST — The British secretary for Northern Ireland said Tuesday that Chris Patten, the former Hong Kong governor, had been asked to be the chairman of a review of policing in the province, but that he had yet to accept the job formally.

"I think if he is willing to do it, it would be a very good choice," said the official, Mo Mowlam.

The job is one of the toughest tasks in the rebuilding of peace in Northern Ireland — presiding over an independent commission on the sensitive issue of policing following the peace accord earlier this month.



HOLD THE SHORTCAKE — Strawberry farmers from Lot-et-Garonne, France, dismayed about falling prices, burning Spanish strawberries Tuesday in front of the Spanish consulate in Bordeaux.

Northern Ireland's main Protestant party, the Ulster Unionists, welcomed reports that Mr. Patten, a Roman Catholic, had provisionally accepted the post. (Reuters)

Strike in Denmark Paralyzes Industry

COPENHAGEN — Denmark's biggest strike in 13 years brought factories, ports and Copenhagen airport to a virtual standstill Tuesday, but Prime Minister Poul Nyrup Rasmussen said employers and unions must resolve the dispute without outside help.

In the first move to open talks between the two sides, the Danish Employers' Association said its top negotiators would meet late Tuesday.

The employers had earlier flatly refused all union invitations for talks on a deal to satisfy workers who want more vacation time, saying their demands would raise labor costs by an unacceptable 2.2 percent.

Financial markets were cheered by the news, and stocks and bonds closed higher after a volatile day following losses Friday and Monday. The krona also strengthened.

More than 450,000 private sector workers, one-fifth of the work force, are on strike. (Reuters)

3d Resignation Helps Save Belgian Coalition

Compiled by Our Staff From Dispatches

BRUSSELS — The head of Belgium's biggest police force on Tuesday became the country's third key official to resign in a week, and the government then survived a no-confidence vote on last week's brief escape of the nation's most notorious prisoner.

After four hours of debate in Parliament, the opposition's motion of no confidence was rejected by a vote of 81 to 64, with one abstention.

Earlier, Willy Deridder offered his resignation to Prime Minister Jean-Luc Dehaene in the hope that his move would restore the public's confidence in the nation's institutions. As commander of the gendarmes, or state police, Mr. Deridder took responsibility for the poor security measures that allowed Marc Dutroux, a convicted child rapist, to escape from custody for a few hours Thursday.

Mr. Dehaene told Parliament that Mr. Deridder's move was "an honorable gesture" and called on other embattled officials to follow the example of Mr. Deridder and the justice and interior ministers who resigned Thursday. "The signal would undoubtedly be even stronger if leading police and justice officials would act just as consistently and take a step to the side," he said.

The governing Socialist and Christian Democrat parties backed Mr. Dehaene in the vote, arguing that the resignations had been an important signal to the nation.

The prime minister used the debate to refocus on promised reforms of the judicial system that have stalled, despite big protests two years ago when Mr. Dutroux was arrested and the bodies of four young girls were found on his property. Mr. Dehaene said the government would "make sure" that the resignations were "not in vain."

Mr. Dutroux spent more than three hours on the run Thursday after overpowering the gendarmes who were guarding him while the prisoner was consulting files on the case in a courtroom at Neufchateau in southern Belgium. Mr. Dehaene conceded that the escape had dealt another heavy blow to the public's faith in the country's criminal justice system and political institutions.

Opposition parties say Mr. Dutroux's escape undermined the government's inability to reform lax justice and police structures two years after revelations of incompetence in the child-sex and murder case created a nationwide scandal.

Patrick Dewael, parliamentary leader of the Flemish Liberal Democrats, the biggest opposition party, said: "This cannot continue. We cannot sacrifice the security of our citizens." (AP, AFP)

Radiation Testing On Insane Alleged

The Associated Press

OSLO — Norwegians deemed insane or mentally retarded were used in U.S.-backed radiation experiments during the Cold War, a retired senior health official asserted Tuesday.

"People were used as research subjects to determine the effect of radiation on humans," said Fredrik Melbye, a top government doctor from 1950 until 1972.

He said several hospitals, including the National Hospital in Oslo, were involved in experiments in the 1950s and '60s.

The Norwegian Health Ministry said it could not immediately comment on Dr. Melbye's assertions.

The revelation was the latest shock to Norwegians about the darker side of their welfare-state medical system. In recent years, they also learned that thousands of Norwegians were involuntarily sterilized this century and that hundreds of others underwent lobotomies.

Dr. Melbye said that mentally impaired people had been used in radiation research "because they were easy to deal with."

The Oslo newspaper Dagbladet reported Tuesday

that the experiments included sterilizing subjects with X-rays, a technique developed by Nazi death camp doctors.

Dr. Melbye, 81, said he could not confirm that claim.

When asked to identify the U.S. institutions or agencies involved in the radiation tests, he said, "I don't dare." He also refused to say how many people had been involved in the tests, or give any other details.

After Norway was liberated from Nazi occupation in 1945, it was eager for U.S. military and economic assistance. When the Soviet Union, which shared a border with Norway, began producing nuclear weapons in 1949, the West wanted to know more about the impact that nuclear fallout had on people.

Dagbladet said that the Norwegian state health directorate had encouraged physicians to apply for U.S. research grants, especially those concerning radiation. Some did their research in the United States, it said.

Dr. Melbye said that the program was an attempt to gain basic knowledge about radiation, and that it was neither secret nor controversial. "It was part of the natural order of the time," he said.

In Georgia, a Toast or 20 to Local Wine, 'the World's Best'

By Stephen Kinzer
New York Times Service

MANAVI, Georgia — When a truck pulled up on the dirt road in front of Misha Kevkhishvili's home, he knew one of his friends had come for wine, and not just for a few bottles.

Same enough, a couple of his pals from Tbilisi, the Georgian capital, climbed down and told him that they were arranging a wedding and needed 100 gallons (378.5 liters) of his famous elixir.

The three of them spent several hours filling buckets from two giant cisterns in Mr. Kevkhishvili's rustic winery. Then they drank a toast, exchanged money and hugs, and parted ways.

"Homemade wine is far better than the other kind," Mr. Kevkhishvili said afterward. "What we make here in Manavi is the best, not just in Georgia, but in all the world. The soil, the elevation of the land, the amount of sun — everything is perfect."

Mr. Kevkhishvili's white wine is a delightfully light, dry and subtle symphony. It is fully natural, made from grapes he grows behind his house without pesticides or herbicides, and completely free of additives.

Wine has been part of life in this Caucasus region for more than 5,000 years, and for much of that time Manavi and other villages in the Kakheti district have been the wine heartland. Nearly every family here has known nothing but the wine business for many generations.

Each village produces a distinct variety, and it is all but impossible to find anyone who does not swear that his or her village makes the very finest.

During the seven decades that Georgia was part of the Soviet Union, nearly all of its wine exports went to other Soviet republics or to Eastern

Europe. In recent years entrepreneurs have begun seeking markets farther afield.

The biggest of these new companies is Georgia Wines and Spirits, a Georgian-Dutch joint venture that last year sent 400,000 bottles to Western Europe, Japan and the United States.

"Wine is really a divine beverage for us," said George Mshvidobadze, the company's general director. "It is deeply connected to our Christian faith and to many of the great decisions that shaped our history, which were made around tables where wine was drunk."

Although wine has a traditional association with the roots of Christianity, perhaps nowhere is the link as close as it is here.

Holy icons in many churches are housed in frames depicting bunches of grapes, and many tombstones also feature grape motifs. The traditional cross of the Georgian Orthodox Church is made of grape vines entwined with the hair of St. Nino, who brought Christianity here from Cappadocia in the fourth century.

The role of wine in Georgia's secular life is at least as great as its religious role. No meal is complete without it, and it is common for children to be introduced to its pleasures when they are 12 or 13.

Parents believe that they have not equipped their sons and daughters for independent life if they have not taught them how to appreciate the national drink.

Georgians consider wine to be not simply a boon to health, but also an indispensable social lubricant. Solitary drinking is all but unknown.

When friends gather for a meal in Georgia, as they very often do, the table before them is laden with dozens of plates containing such dishes as baby eggplants stuffed

with hazelnut paste, cheese pies, lamb and tarragon stew, meat dumplings, pork with plum sauce, and minced spinach prepared with garlic, ground walnuts and pomegranate seeds.

With their meals they do not simply sip wine, as is done in many countries. They drink it according to a highly stylized ritual that has evolved over many centuries. Each dinner is presided over by a toastmaster called a *tamad*.

At smaller dinners the *tamad* is usually the man of the house, and at large feasts the

assembled guests choose someone known for wit, eloquence and an ability to hold large amounts of wine.

By tradition, the *tamad* offers toasts every few minutes, and guests drink after each one, often draining their glasses. Although the toasts are delivered with passion, they are hardly ever original, but rather variations on toasts that Georgians have been offering for centuries.

When Paata Gvetadze, a prominent Tbilisi pediatrician, had a dozen guests for dinner at his home on a recent

Sunday, he sat at the head of the table and assumed the role of *tamad*. His opening toast was to all his guests and to good fellowship. As the hours passed, more rolled from his lips like fruity waves.

There was a toast to the guests' children and to all children everywhere; to friends, friendship and departed friends who are with us again as we remember them; to the *tamad*'s own wife, described as the most beautiful woman in the world, and to all wives and all women; to love, "because without

love there is nothing"; to those who prepared the day's food and to the health of their hands; to the long life of parents and to the memory of dead parents, and on and on.

Like most Georgians, Mr. Gvetadze does not buy wine from a store, but in bulk from friends who live in Kakheti or other wine-growing districts. He took a visitor upstairs, where 10-gallon jugs of wine were standing in a corner waiting for the next feast.

"Wine is everything," he said reverently. "Wine is life."

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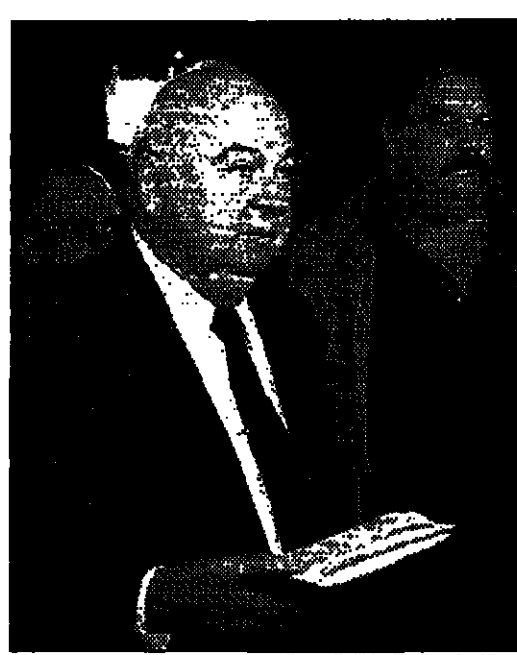
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INTERNATIONAL

Yeltsin Names An Economist To High Post In Cabinet

MOSCOW — President Boris Yeltsin named a handful of familiar faces and a backroom economist to key posts in a new cabinet on Tuesday, signaling a move to get Russia's reforms back on track after a month of political upheaval.

Boris Nemtsov, 38, stays on in a reduced group of deputy prime ministers, joined by Viktor Khristenko, a 40-year-old economist who has spent less than a year in Moscow as a deputy finance minister dealing with the regions.



Gerhard Frey, head of the German People's Union, leaving a news conference Tuesday in Munich accompanied by his bodyguards.

German Far-Right Hopes to Build on Big Gain

MUNICH — The leader of the party that scored the extreme right's best election result in Germany since World War II said Tuesday that he wanted to join forces with other far-right parties for the general election in September.

The head of the German People's Union, Gerhard Frey, said his party had done well in the Saxony-Anhalt state elections Sunday because it had touched "the heart of voters."

Mr. Frey, a Bavarian publisher, said that his party, which won 13 percent of the vote, was already talking with other groups about forming a far-right alliance.

Mr. Frey pledged to lead the German People's Union, which has been accused of racism and anti-Semitism, to electoral triumph elsewhere, particularly in Eastern Germany.

At his first news conference since his party emerged as the region's fourth political force, Mr. Frey said that "voting right-wing, for young people, has become part of youth culture there, just like skateboarding."

The party's entry into the Saxony-Anhalt Parliament has shocked Germany by sending a clear signal that frustration over record unemployment is feeding radicalism in the East.

Mr. Frey said he was holding talks with Franz Schoenhuber, former leader of the far-right Republicans, and other groups about pooling forces ahead of the general election.

"We will decide on cooperation in the next few days," he told journalists in Munich's Mathauser, a traditional Bavarian restaurant and meeting place for local far-right activists.

Mr. Frey said that the German People's Union, which claims to have a national membership of about 16,000, had 300 members in Saxony-Anhalt at the start of the campaign and that the number had grown to 1,500.

In the same way, he said he hoped a potentially strong far-right alliance could change Germany's political landscape by influencing the mainstream parties.

He noted that Chancellor Helmut Kohl's Bavarian allies, the Christian Social Union, had become tougher on refugees, and that even the candidate for chancellor of the left-leaning Social Democrats, Gerhard Schröder, spoke out last year against "foreigners who abuse their rights as guests."

"When the old parties start behaving in a normal way and start to recognize our national interests, then I can feel I have more than fulfilled my task," Mr. Frey said, urging Germany's established parties to return to their "national roots."

Unemployment should be tackled by channeling Germany's European Union contributions into job creation and by preventing foreigners from taking jobs from Germans, he said.

"Fake asylum-seekers" and "criminal foreigners" should be deported immediately, he said. "In Saxony-Anhalt, 10 percent of foreigners are criminals and 25 percent are in organized crime."

He denied, however, that the party is racist.

In Bonn, Chancellor Helmut Kohl's Christian Democrats tried Tuesday to reassure the world that the far right's strong showing in Saxony-Anhalt could not be repeated at national level.

The German Jewish leader, Ignatz Bubis, said he had "great fears" of a resurgence of the far right.

(Reuters, AFP)

CIS: Former Soviet Bloc Stagers to Summit

Continued from Page 1

Most observers consider the organization virtually expired. As the Tass government news service lamented, "The CIS has not become something real or evidently necessary."

"The CIS is clinically dead," said Yuri Shishkov, an official at Imemo, a government-run political research institute. "The only question now is whether to keep the respirator going."

Vyacheslav Nikonov, president of the Politika Foundation research organization in Moscow, said: "Was this just a civilized divorce or are we really trying to integrate? One has to make up one's mind and many members haven't. You can't pet a dog and beat it at the same time."

About 150 million people live in the former Soviet Union beyond Russia, roughly the same as the population of Russia itself. Three former Soviet republics, Lithuania, Latvia and Estonia, refused to join the union from the beginning.

The crescent of CIS nations stretches from Belarus, which borders Poland, to Kyrgyzstan deep in Asia and is a cultural and economic hodgepodge. Religious and ethnic rivalries strain internal unity in several countries. The economies that were once tied to the Soviet master plan shattered as old markets, especially for military-related goods, evaporated. Consumers look west for higher quality products for everyday use.

Where the Soviet Union was bound by ideology and the Red Army, the CIS lacked both an overarching idea or physical mechanisms to keep it together.

The desire of most states to assert their independence tears at its fabric. Some members build identity around singular nationality, as in the case of Armenia, others through religion, like Uzbekistan, a Muslim nation. Except for Russophile Belarus, the point of departure for the emerging identities is not to be Russian.

Last year, trade among CIS states fell by about 10 percent, according to Mirab Ratishvili, a liaison official here. In 1992, trade accounted for a fifth of the regional economy; the figure has since declined to 6 percent.

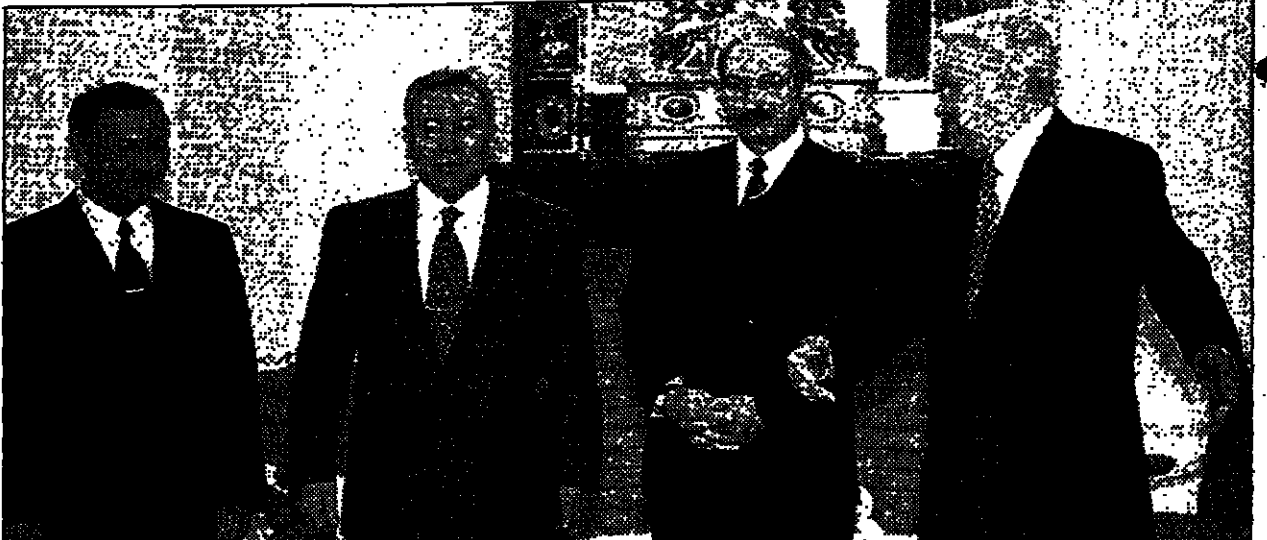
In 1997, economic declines were registered in five countries: Ukraine, Moldova, Turkmenistan, Tajikistan and Kyrgyzstan.

Russia, Armenia, Azerbaijan, Uzbekistan and Kazakhstan grew marginally. While Georgia boomed with 10 percent growth, a similar 10 percent increase in Belarus was attributed to excessive printing of money.

Russia stations troops in eight of the former Soviet states, but military integration has been one of the notable CIS failures. Only in air defense is there coordination among CIS members, and then only among Russia, Belarus, Armenia, Georgia, Kazakhstan, Uzbekistan and Tajikistan.

Money is short. No one but Russia wants to pay, because the others regard the system as mainly benefiting Moscow.

At a recent meeting of defense commanders, Viktor Prudnikov, the CIS military liaison chief, warned CIS colleagues: "Let's not pretend that we are small and poor and that we have nothing."



President Yeltsin of Russia, right, meeting in Moscow on Tuesday with, from the left, Prime Minister Zhumaliev of Kyrgyzstan, President Nazarbayev of Kazakhstan and President Lukashenko of Belarus.

There is no point in waiting for Russia to offset all for everybody.

There is a CIS flag (a white, stylized hand holding up a white sun on a blue field) but almost no one flies it. Since the founding of the group in December 1991, more than 800 decisions have been issued on topics ranging from military cooperation to liquor sales, but no one knows how many have been signed by whom and ratified by which parliaments.

The 2,000-worker strong CIS bureaucracy in Moscow is launching a study to find out.

"The true attitude of CIS leaders is to pretend the CIS exists and act in all ways as if it does not," Tass wrote.

Nevertheless, few members want to declare it finished. While some members genuinely yearn for a community structure to ease trade, others simply pay lip service to unity while trying to wriggle from under Moscow's thumb.

Belarus and its iron-fisted leader, Alexander Lukashenko, regard the group as the vanguard of a resurrected Soviet Union. Belarus has already signed a union treaty with Russia, although it has run into several difficulties.

Mr. Lukashenko warns that a failure of the CIS will condemn the former Soviet states to second-class status. "Either we all work today," he said in a recent speech, "or we will find ourselves in the backyard of the world economy."

At the other end of the geographical arc, Kazakhstan's president, Nursultan Nazarbayev, is pressing for closer economic links. Kazakhstan has joined with Russia, Belarus and Kyrgyzstan in a customs union, although it has yet to be fully carried out.

Along the plains and mountains between Kazakhstan and Belarus, enthusiasm drops off considerably. Last year, Georgia, Ukraine, Azerbaijan and Moldova created an informal rejection bloc. The group opposes creation of any cross-border agencies to oversee either economic, political or military relations. All are trying to finance a pipeline from Azerbaijan that would free them from dependence on Russian fuel sources.

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Health of U.S. Social Security Funds Improves

WASHINGTON — Strong economic growth has postponed the projected insolvency date of the Social Security trust funds by three years, until 2032, the Clinton administration said Tuesday.

The new date, released by the Social Security Board of Trustees, is good news, but it does not alter the long-term problem of providing a secure retirement for the 77-million-strong baby boom generation.

"Although there is no immediate financial crisis, the time to act is now to prevent a crisis from ever occurring," said Kenneth Apfel, the Social Security commissioner.

The trustees — including Mr. Apfel, Treasury Secretary Robert Rubin, Health and Human Services Secretary Donna Shalala, and two private citizens — attributed the funds' improved position to "a growing economy, reduced unemployment and low inflation."

"These outcomes are the direct result of the enactment of the Balanced Budget Act and the recent strong performance of the economy," Mr. Rubin said.

The United States' retirement programs are supported by taxes on workers' wages. As baby-boomers age, there will be fewer and fewer working people paying into Social Security and Medicare for every retiree supported.

Mr. Rubin and the other trustees also released their annual report on Medicare, the government health insurance program for the elderly. They projected that changes made by the Balanced Budget Act last year would extend Medicare's solvency to 2008.

Earlier, the administration and the Congressional Budget Office had projected a 2010 date. Without the act that tightened controls on fees paid to health care providers and effected other savings, however, Medicare would have run out of money in 2001.

Nevertheless, the part of Medicare that covers senior citizens' hospital care is already inadequate. The hospital fund in 1995 began paying out more than it takes in and spending the surpluses saved from previous years.

BRIEFLY

Space Station Launch Delayed

MOSCOW — The launching of the International Space Station will be put off to autumn from June because of more delays in building a Russian module where astronauts will live, a top Russian Space Agency official said Tuesday.

The news suggested Russia has been unable to overcome financing difficulties in building the third part of the station, the service module. That module was already eight months behind schedule before the latest delays.

The International Space Station brings together the United States, Russia, Europe and Japan in a project costing more than \$20 billion to establish a permanent manned presence in space.

(Reuters)

Mideast Finance Talks Shelved

GENEVA — The Swiss-based World Economic Forum said Tuesday that it had suspended plans for its annual Middle East/North Africa Economic Summit meeting because of political uncertainty in the region.

A forum spokeswoman said the date and venue of the event had not been fixed. It has brought together Israeli and Arab figures each year since the first meeting, in Casablanca in 1994. "This is a suspension, not a cancellation," she said.

(Reuters)

Zapatistas Accused in Killing

SAN CRISTOBAL DE LAS CASAS, Mexico — Guerrillas shot and killed a government supporter in the southern state of Chiapas and then ambushed three policemen sent to investigate, officials said.

The attacks, in which two local residents also were injured, occurred early Monday in the village of Los Planos, a part of Chiapas where support for opposition parties and leftist guerrillas runs high.

County Commissioner Marcos Santos Lopez accused two men, whom he identified as members of the rebel Zapatista National Liberation Army, of killing Humberto Lopez Hernandez. The three police officers were wounded when they arrived at the village an hour later.

(AP)

Greek Orthodox Leader Picked

ATHENS — The top Orthodox cleric in Greece elected a forward-thinking prelate Tuesday to lead the church at a time of internal turmoil and shrinking congregations.

The new archbishop, Metropolitan Christodoulos, may also help heal the rifts with the Roman Catholic Church and other Orthodox faiths opened by his mercurial predecessor, Archbishop Seraphim, who died April 9 at age 84 and who led the church for 24 years.

Metropolitan Christodoulos, 59, received 49 votes from the 76 senior clerics gathered behind closed doors at the main cathedral in Athens. He was elected in a third round after the assembled metropolitans, or bishops, failed to agree the first and second time around.

Fluent in English, German, French and Italian, Metropolitan Christodoulos has a law degree, a theology degree and a doctorate in canonical law.

(AP)

For the Record

Flooding in Argentina and Paraguay that forced the evacuations of tens of thousands of people has led the final turbine of the Yacyreta Dam. The opening, set for Wednesday, had led to fears that increased waterflow would further endanger lives and property down the Parana River bordering both countries.

(Reuters)

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INTERNATIONAL

UN Ignores Iraq Sanctions Threat

But Council Agrees to Reviews Every 60 Days

By Barbara Crossette
New York Times Service



Saddam Hussein, who celebrated his 61st birthday on Tuesday.

UNITED NATIONS, New York — The Security Council has decided to extend sanctions against Iraq, ignoring threats from Baghdad that it would disrupt future arms inspections if the sanctions were not lifted.

"No member of the council is arguing for the lifting of sanctions against Iraq," said Sir John Weston, Britain's representative, near the end of a daylong debate Monday on the matter.

But in a gesture to the Iraqis, who have recently allowed greater access to arms inspectors, the council also decided that in the future, reviews of sanctions would take place every 60 days. That was the procedure before Iraq instigated a series of crises last year, bringing President Saddam Hussein and the United States to the brink of war by late January.

But diplomats do not expect the next big push for lifting or easing the sanctions until October, when the next major report on Iraqi compliance is due from the United Nations Special Commission, which has been in charge of eliminating Iraq's weapons of mass destruction and its capacity to make more.

Iraq's foreign minister called the Security Council's decision to maintain sanctions "very disappointing," but said Tuesday that Baghdad would cooperate with the United Nations in order to determine U.S. efforts to maintain the sanctions. The Associated Press reported from Baghdad.

Despite the pledge of cooperation, Foreign Minister Mohammed Said Sahhaf took issue with UN interpretations of an agreement in February to open presidential palaces to UN inspections. The issue of access to the palaces nearly led to U.S.-led military strikes. But Mr. Sahhaf said the agreement between Iraq and Secretary-General Kofi Annan guaranteed "subsequent visits" by inspectors but not unlimited ones.

[Mr. Sahhaf said that Baghdad destroyed all banned weapons in 1991. But the chief UN inspector, Richard Butler, said Tuesday that his teams had in recent weeks found artillery shells in Iraq filled with mustard gas.]

The United States has vowed to veto any lifting of the sanctions, imposed in 1990, until Iraq has met a number of requirements — not only verifiable disarmament but also the return of Kuwaiti prisoners and property seized in the 1990 Iraqi invasion and a general improvement in respecting human rights.

Although there was never a chance that Iraq would be freed from sanctions in this review — the first since the agreement in February between Mr. Saddam and Mr. Annan that defused the most recent crisis — the atmosphere around

the Security Council meeting Monday was noticeably different from previous sessions on the issue.

Bill Richardson, the U.S. representative, was somewhat conciliatory in his assessment of Iraq's recent performance.

Facing eroding support for unlimited sanctions, Mr. Richardson acknowledged some Iraqi progress in disarmament, including meeting most demands of nuclear inspectors from the International Atomic Energy Agency. But he continues to object to Russian, Chinese and French calls to "close the file" on nuclear weapons and shift from an active "search and destroy" phase of disarmament to long-term monitoring.

Russia has proposed a formal resolution making the change, which the United States opposes.

Shen Guofang, China's new deputy representative to the United Nations and a former Foreign Ministry spokesman, argued not only for closing the nuclear weapons file now but also for moving to end sanctions generally "because the Iraqi people are suffering a lot."

But he acknowledged that Iraq still had requirements to meet.

The council heard Monday from Mr. Butler, whose commission is in charge of eliminating Iraq's biological, chemical and missile programs, and Garry Dillon, leader of the International Atomic Energy Agency inspectors.

Mr. Butler has found no progress on outstanding issues in the last six months and Mr. Dillon, while more upbeat, still has some unanswered questions.

The United States, increasingly isolated among council members who say that eight years of sanctions are enough, gets its strongest support from Britain, whose diplomats caution against shifting the debate from Iraqi compliance to Iraqi suffering.

Iraqis Fete Saddam's Birthday

Iraqi media trumpeted President Saddam's 61st birthday Tuesday, hours after the government failed in its unusually strong bid to win relief on sanctions from the Security Council. The Associated Press reported from Baghdad.

Entire newspaper editions were devoted to stories about Mr. Saddam, with one headline in a government-controlled daily boasting that 22 million candles had been lit "with joy on the beloved president's birthday." That would be one for each of Iraq's citizens.

A song broadcast on television referred to the president's tireless sparring with the United States, saying "Saddam, your name has shaken America."

The festivities, weeks in preparation, focused on Mr. Saddam's hometown of Tikrit, 160 kilometers (100 miles) north of Baghdad, where a parade was held.

40 Algerians Slain During Muslim New Year Holiday

Compiled by Our Staff From Dispatches

ALGERIERS — Assaults killed 40 people overnight in the Medea region of Algeria, security services said Tuesday.

The slayings occurred in Chouard, a hamlet near Sidi-Naamane, 80 kilometers (50 miles) south of Algiers, a statement said. It added that, once alerted, security forces went "immediately" to the site.

The attack, coinciding with celebrations marking the start of the Muslim new year, was the worst in a month.

It was the latest in a series of massacres in Algeria this year in which more than 1,400 people have died, most of them poor villagers.

A statement from the security forces broadcast on a state-run radio station said the throats of the victims had been cut. It did not say whether they were civilians or pro-government militia members and gave no indication of who might have been responsible.

The killings followed a pattern in the bloodshed that has ravaged Algeria since early 1992, when the authorities scrapped elections in which radical Muslims had taken a commanding lead.

The carnage has tended to rise during religious holidays. Muslim rebels say such events are significant for what they term their "holy struggle." (AFP, Reuters)

BOOKS

LYNDON JOHNSON AND THE GREAT SOCIETY

By John A. Andrew 3d.
211 pages. \$24.95.
Ivan R. Dee.

Reviewed by Jonathan Yardley

JOHN ANDREW, who teaches history at Franklin & Marshall College in Pennsylvania, performs a useful service in this slender but acute examination of the Great Society.

The period from 1964 to 1966 is properly understood, he says, as "a liberal interlude unmatched in the 20th century, except perhaps for the mid-1930s, and unlikely to recur in the foreseeable future."

Often with ample reason, the Great Society is now generally held in disrepute; Andrew's aim is to see it clearly, free of the "distortions" of partisan politics, and to an impressive degree he succeeds.

The consensus now probably is that the Great Society was a period of big government run amok, presided over by a president, Lyndon John-

son, drunk on ambition and power.

This is not wholly inaccurate, but it is almost wholly uncharitable. In a cynical age, we tend to detect cynicism where it does not always exist. As Andrew quite accurately remarks:

"The central principles of Lyndon Johnson's program for the Great Society were those of amelioration and opportunity."

"LBJ firmly believed that if the federal government could ameliorate the most oppressive disadvantages Americans suffered, and at the same time provide the opportunity for individuals to escape those disadvantages and improve their own lives, the United States would achieve a Great Society. Central to both was the concept of access — to the polls, to public services, to participation, and to health care and education."

The ultimate failure of almost all of Johnson's programs is important, but we tend to forget two no less important things: They were conceived in good faith, and they were not meant to fail.

Johnson was a person of almost unimaginable com-

plexity, so when we say that he was in the thrall of genuine pity and altruism, we must also acknowledge that he wanted to one-up the Kennedys and the Ives and all the other privileged Easterners he so bitterly resented.

Hence, the Great Society was in good measure his way of proving his humanitarian bona fides, of getting even.

He was a believer in and practitioner of what Andrew calls "managerial liberalism," an essentially paternalistic and elitist approach to social problems, whose adherents believed — as, indeed, some do to this day — that poverty, discrimination and other social problems could be addressed "by joining the analytical capacity of social science with the programmatic potential of public policy."

Seizing the mandate given him by public grief over the assassination of John F. Kennedy and his own subsequent landslide re-election in 1964, Johnson pushed through Congress a remarkable succession of programs: the Civil Rights Act of 1964, the Voting Rights Act of 1965, the War on Poverty, Medicare and Medicaid, Model Cities, the Highway Beautification Act of 1965, a variety of consumer-protection laws, the Public Broadcasting Act and the National Foundation on the Arts and the Humanities.

Some of these soon proved misguided. More important, most had been thrown together helterskelter and soon collapsed into chaos.

The Great Society, one writer noted, "was an aspiration rather than a blueprint." It promised far too

much and — except for the guarantees of fundamental rights in the two monumental civil rights acts — it delivered far too little.

As "promise outran reality" over and over again, the public soon grew deeply skeptical about the capacity of government to deliver on its pledges and cynical about the intentions of the men and women who had made them.

Thus we have the not inconsiderable irony that one of the most lasting legacies of this vast eleventh-hour attempt at social purification by governmental fiat may be the anti-government mood that put the present conservative majority in place.

As Andrew points out, the history of the Great Society shows us how hard it is to achieve consensus on public matters and how easy it is to compromise political convictions to get legislation passed; the something-for-everybody laws of the Great Society were cobbled together because Johnson, in the end, sought consensus above all else, yet he ended up with deeper divisions than ever before.

None of these ran deeper than those caused by race. As Andrew quite accurately notes, after the urban riots of the mid-1960s, the rise of the Black Panthers and black anger, white America recoiled from civil rights; "by 1967 race had replaced civil rights on the nation's agenda, and race was an issue that fostered divisiveness rather than forged consensus."

By no stretch of the imagination was this Lyndon Johnson's fault, yet this, too, is part of the Great Society's legacy.

Washington Post Service

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.

FICTION		Last Week		on List	
1	THE LONG ROAD HOME, by Danielle Steel	3	2		
2	BLACK AND BLUE, by Ann Quinden	9	11		
3	PANDORA, by Anne Rice	2	5		
4	THE STREET LAWYER, by John Grisham	1	10		
5	MESSAGE IN A BOTTLE, by Nicholas Sparks	1			
6	COLD MOUNTAIN, by Charles Frazier	4	42		
7	PARADISE, by Toni Morrison	5	14		
8	MEMOIRS OF A GEISHA, by Armin Greder	8	23		
9	HOMEPORT, by Nora Roberts	7	4		
10	TOXIN, Robin Cook	6	3		
11	BLOOD WORK, by Michael Connelly	12	6		
12	AN INSTANT OF THE FINGERPOST, by Iain Pears	13	4		
13	WITH THIS RING, by Amanda Quick	10	2		
14	CAVEDWELLER, by Dorothy Allison	11	5		
15	SUDDEN MISCHIEF, by Robert B. Parker	11	5		

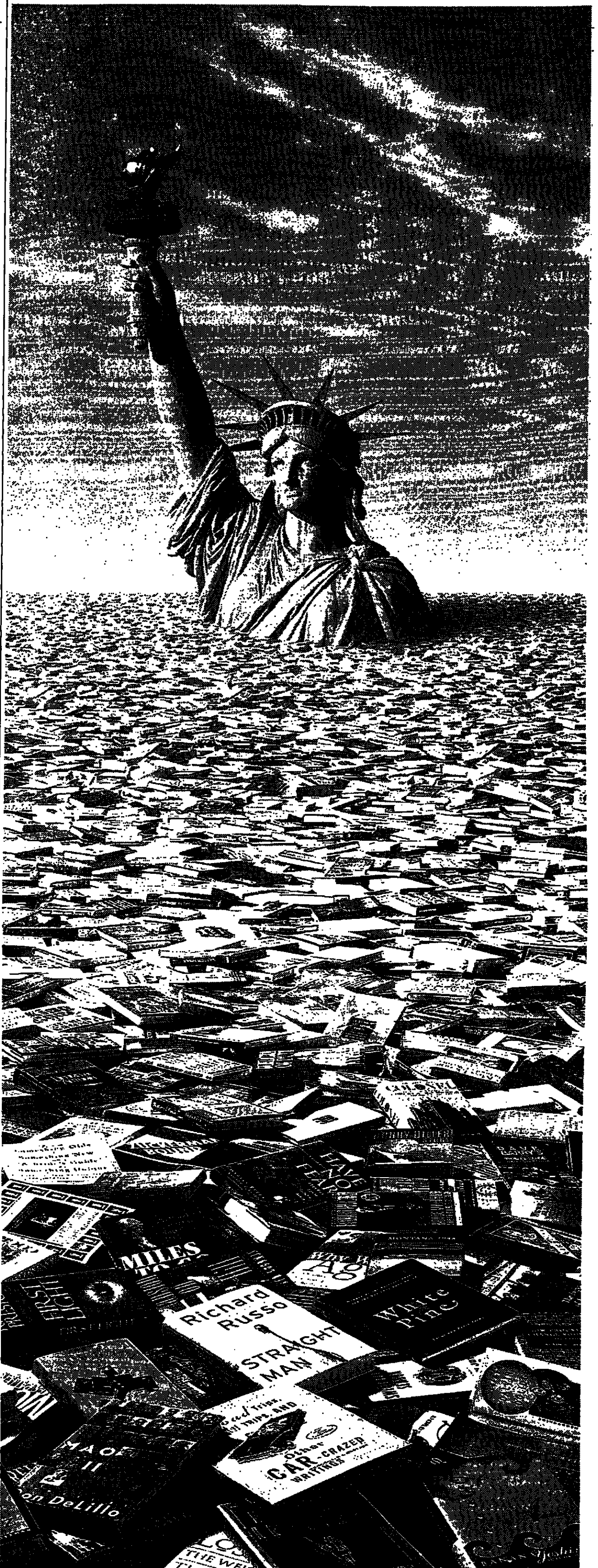
3	ANGELA'S ASHES, by Frank McCourt	3	84		
4	THE GIFT OF THE JEWS, by Thomas Cahill	11	2		
5	SPIN CYCLE, by Howard Zinn	4	6		
6	THE MILLIONAIRE NEXT DOOR, by Thomas J. Stanley and William D. Danko	5	66		
7	AMAZING GRACE, by Kathleen Norris	1			
8	APPROPRIATE, by Isabel Allende	1			
9	CONVERSATIONS WITH GOD, Book 1, by Neale Donald Walsch	9	71		
10	INTO THIN AIR, by John Grisham	7	51		
11	MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Berendt	6	197		
12	THE MAN WHO LISTENS TO HORSES, by Menny Roberts	8	36		
13	THE PERFECT STORM, by Sebastian Junger	10	46		
14	TITANIC: Legacy of the World's Greatest Ocean Liner, by Susan Wells	12	12		
15	CONSEQUENCE, by Edward O. Wilson	1			

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INTERNATIONAL

For Exiled Chinese Dissident, a First Taste of Freedom to Choose the Future

By Lena H. Sun
Washington Post Service

NEW YORK — As a political dissident in China, Wang Dan had few options. A former student leader, he was not allowed to finish college after the Chinese Army crushed the Tiananmen Square democracy movement in 1989. He spent much of his 20s in jail because of his activities.

But since his release and flight into U.S. exile on April 19, Mr. Wang has experienced more choices than he dreamed of in his 29 years.

He is mulling over several top U.S. universities that he would like to attend to complete an undergraduate degree in Chinese history. He is eager to carve out his own niche to promote democracy in China. If possible, he would love to meet the golf star Tiger Woods and the singer Michael Jackson, and maybe even to have a girlfriend.

"I really like the freedom here in America, the

chances for individuals to make their own choices, to make the most of opportunities," Mr. Wang said in an interview Monday following a meeting with an official from the University of California at Berkeley.

College is a top priority for Mr. Wang, who was a freshman at Beijing University when he became a student leader in the 1989 opposition movement. Mr. Wang's friends are also contacting Harvard, Yale, Columbia and Brown on his behalf.

Mr. Wang wants to move beyond his image as a "1989 student" and create a new role as an independent, free-thinking intellectual who can push for change in China and keep up international pressure. As a start, he said, China has much to learn from Western values respecting and honoring individual rights.

"There is a big contradiction between Chinese culture and democracy," he said, speaking in Mandarin.

Chinese culture is rooted in patriarchy and authoritarianism. So for democracy to take hold,

China must adopt "really human, universal values," he said.

In the United States, for example, Mr. Wang said he had been struck by sidewalk curbs that make it easier for the disabled to cross the street and by hospital machines that "allow the person inside to push a button if they feel panicked."

Exactly how he plans to juggle his democracy work and academic studies, he is not sure. "I want to have some balance; I need to go my own way," he said.

In fact, Mr. Wang's life has been so filled with politics that he acknowledged with a self-conscious laugh that he had never had a girlfriend—even though he was flooded with marriage proposals from the public during the height of the student revolution—and was still a virgin.

Since his release on medical parole from a Chinese prison on April 18 and immediate exile to the United States, Mr. Wang has had little time for reflection. Instead, he has been caught up in the "celebrity cyclotron" that gives high-profile

dissidents the impression "the world is coming to your feet," said Orville Schell, dean of Berkeley's graduate school of journalism, who met with Mr. Wang on behalf of the university to discuss possible enrollment.

Mr. Wang has been pursued by the media, particularly from Hong Kong and Taiwan. On Friday, he gave 20 interviews to Chinese-language publications and broadcast stations. At times, he said he felt uncomfortable because he was asked about Taiwan and Tibet — "issues I know little about."

Since his arrival in Manhattan last week, Mr. Wang has only seen the Statue of Liberty from a corner office in the Empire State Building, quarters of the New York-based Human Rights in China group, which is helping him get settled.

"I'd love to go for a walk alone," said Mr. Wang, turning somewhat wistful during the hour-long interview.

Mr. Wang has a one-year tourist visa and hopes to support himself through a combination

of scholarship and campus jobs. Human Rights in China is paying many of his living expenses; he also has about \$6,000 from awards and donations to the group. He plans to learn English by taking a summer-school course and to save money by living with friends in New York.

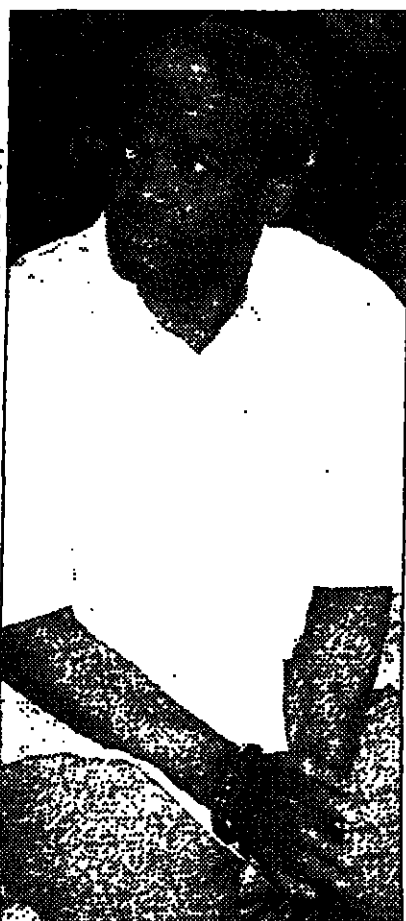
Because he was given only a few hours notice about his release, he left China with no money—only two bags carrying 20 to 30 political philosophy books and some clothes. Before he boarded a nonstop Northwest Airlines flight to Detroit, his father, a Beijing University geology professor, slipped off his own Chinese-made quartz watch and gave it to his only son.

Last week, an associate at Human Rights Watch, another New York-based organization, took him shopping at Macy's for a blue wool suit, white shirt, blue tie, and black socks. The clothes were paid for by the human rights group and a friend of Mr. Wang's.

"I still haven't got a cent in my pocket," he said with a smile.

Nigerian Court Dooms 6 As Anti-Abacha Plotters

Former Deputy Leader Among Those Convicted



General Diya sitting in court during an earlier hearing in Nigeria.

ABUJA, Nigeria — Nigeria's former deputy leader and five other persons were convicted and sentenced to death Tuesday on charges of plotting to overthrow the country's military leader, General Sani Abacha.

General Oladipyo Diya, once General Abacha's right-hand man, maintained his innocence throughout the two-month, closed-door military trial. The five others condemned were soldiers and a civilian.

The six will be put to death by firing squad after the ruling military regime ratifies the tribunal rulings. It was unclear when that will be.

Thirty persons were charged in the coup plot. Of the others, 4 received life sentences, 15 were acquitted, 4 received jail terms between 2 and 14 years and one was sentenced to an unspecified jail term.

The seven-man tribunal's presiding officer, General Victor Malu, handed down the sentences during a brief hearing Tuesday in the central Nigerian town of Jos.

General Malu dismissed General Diya's pleas, saying that he had orchestrated the plot. "The findings of the tribunal were that he presided over and actively participated in several meetings in which the coup was discussed," General Malu said.

General Malu said the coup would have been carried out on Dec. 20, the day that most of the defendants were arrested. He said that soldiers had already begun moving into position that day to overthrow the government.

The prisoners looked tired and worn, but appeared to be in better condition and less bewildered than they were when they first sat before the tribunal on Feb. 14.

The verdict comes at a critical point for Nigeria, Africa's most populous nation with more than 104 million people. General Abacha has secured the backing of all five registered parties to run unopposed in presidential elections this fall.

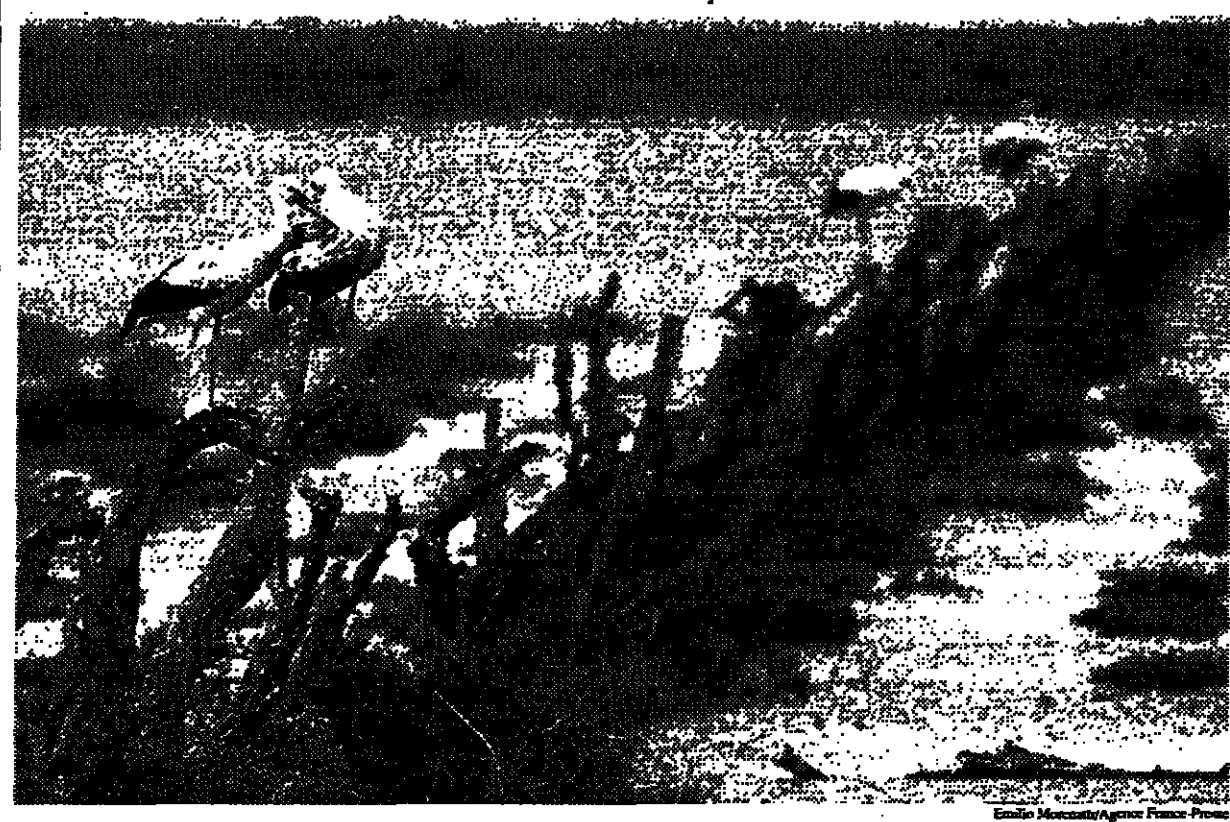
The general, who seized power during political turmoil in 1993, has promised that he will end Nigeria's troubled history of coups.

Carrying out the sentences poses a new human rights challenge for Nigeria, which has been under limited international sanctions since 1995, when the author Ken Saro-Wiwa and eight other minority rights activists were hanged on charges of murder.

Western countries demanded that General Diya and the others be given a fair and open hearing. The general said that he had been set up in a plot going "right to the top" but did not publicly deny guilt.

The plot developed strong ethnic undertones since the key leaders, and all those sentenced to death, are from the southwestern Yoruba tribe of a detained presidential claimant, Moshoo Abiola.

Mr. Abiola, the presumed winner of 1993 elections, has been among dozens detained since 1994 for supporting his claim to the presidency. (AP, Reuters)



CONTAMINATED — A group of storks searching for food near Seville, Spain, amid toxic waste that burst from a holding pond at a nearby mine. The 5 million-cubic-meter spill is being called an ecological disaster.

Japan and U.S. Sign Military Accord

TOKYO — Japan signed an accord with the United States on Tuesday and took legal steps to expand bilateral military cooperation beyond its territory to cope with future conflicts in the region.

Secretary of State Madeleine Albright and Foreign Minister Keizo Obuchi signed the agreement on mutual logistics support under Japan-U.S. military guidelines.

The Tokyo government also approved three bills to legalize such support, including the supply of fuel and the transport of soldiers for U.S. forces in "areas surrounding Japan" when the country's peace and security are threatened.

But a revision in September of the 1978 guidelines, seen by critics as a "war manual," has irritated Japan's neighbors, particularly China.

Beijing gave a cool reception to the agreement, which could cover contingencies across the Taiwan Strait.

"We hope that the Japanese govern-

ment will be prudent on this issue," said Zhu Bangzao, a Chinese Foreign Ministry spokesman, adding that Japan should respect its promises in a Chinese-Japanese joint communiqué on the problem of Taiwan and "do nothing to worry neighboring countries."

He said Japan had repeatedly assured China that the guidelines were not aimed against any third country. "But this is against the nature of the situation," Mr. Zhu said.

The agreement has also vexed pacifist sentiment among the Japanese and prompted the Social Democratic Party to review its support in Parliament for the ruling Liberal Democratic Party of Prime Minister Ryutaro Hashimoto.

The new guidelines threaten to fall foul of Japan's postwar constitution, which bans resorting to arms to settle international disputes.

Mrs. Albright, who arrived here early Tuesday on a 24-hour stop during an Asian tour, said the accord "strengthens

the already superb cooperation between the U.S. military and the Japanese defense forces."

At a news conference, she said the U.S.-Japan relationship was a "cornerstone of regional security" in Asia.

Mr. Obuchi said the accord, formally the Acquisition and Cross-Servicing Agreement, was "extremely significant in the sense that it enhances mutual trust between Japan and the United States."

Asked if the agreement would shake the Liberal Democrats' unwieldy alliance in Parliament with the Social Democrats and the centrist New Party Sakigake, Mr. Hashimoto said, "It is not a matter over which I have influence."

The bills, however, are unlikely to be passed into law before the current session of Parliament ends in July because of objections from the Liberal Democratic Party's parliamentary allies.

The agreement on logistics support prohibits any cooperation on the provision of weapons and ammunition.

ALLIES: In Tokyo, Albright Gives Pep Talk to Embattled Friend

Continued from Page 1

ment," Mrs. Albright said at a press conference with Foreign Minister Keizo Obuchi.

When it was suggested that her endorsement seemed "lukewarm," Mrs. Albright objected, saying, "I in no way hope that my sentences or words were taken to be lukewarm. I used positive and important and courageous and bold. That's about as hot I can make it."

Privately, senior U.S. officials are deeply concerned about Japan's economy and its low growth. They believe that the Japanese program of government spending, tax cuts and incentives is too small and comes too late to convince the financial markets and will not provide all the growth that the Hashimoto government estimates.

While Japanese officials say the package should stimulate growth of about 1.9 percent in gross domestic product this year, U.S. officials believe the figure will be closer to 1.2 percent. Without the package, however, they believe Japan will go into recession.

Like Mr. Rubin on Friday, U.S. officials are calling for deeper structural changes in the economy, including, as Mr. Rubin said, "measures to strengthen Japan's financial system and open and deregulate its economy, to help establish a basis for long-lasting, domestic, demand-led growth."

Mrs. Albright made similar points in private, the officials said. But her public comments gave some cheer to Tokyo stocks, lifting the Nikkei average after early losses.

"The U.S.-Japan alliance remains the cornerstone of regional security," she said at her press conference, calling the overall relationship excellent. She emphasized that she would meet Mr. Obuchi again next week in London, at a foreign ministers' meeting to prepare for a Group of Eight summit meeting. Known as the G-8, the meeting will bring together the Group of Seven leading industrialized countries plus Russia.

Mr. Clinton and Mr. Hashimoto will have their own meeting at week later at the G-8, she said, adding that this "underscores the depth and vitality of our relationship."

Mrs. Albright and Mr. Obuchi signed an amended agreement Tuesday that will make it easier for the Japanese mil-

itary to provide fuel and spare parts to U.S. troops in certain circumstances, mostly for joint peacekeeping and other humanitarian activities.

A U.S. official said that while the step was a small one for the American military, "it is a big one for the Japanese," given their constitutional prohibition on the use of military force for anything but self-defense.

On Wednesday, Mrs. Albright flies to Beijing to help prepare for the Clinton visit. In her speech Tuesday, she criticized Chinese human rights policies, saying: "We must continue to speak

with clarity. For while some Chinese dissidents have been released to exile in recent months, the Chinese government's repression of dissent and religious freedom has not ceased."

At the same time, she noted that "China is changing," that "the Chinese government is less involved in the lives of its citizens than at any time in the last 50 years."

"This year has seen hopeful stirrings of a dialogue among China's students, scholars and officials about the need for political and economic change to go together," she said.

MIDEAST: Egypt-Israel Chill

Continued from Page 1

Egypt, which made its own peace with Israel 19 years ago, has cast itself since in the role of patron for the Palestinians, and Mr. Mubarak used the interview to defend Mr. Arafat against Israeli charges that he had done too little to ensure security in Palestinian-controlled areas.

"I think Arafat can do no more than he did," Mr. Mubarak said, "and if he was asked to do more, that would mean that he has to throw all the Palestinians in jail."

Martin Indyk, the assistant U.S. secretary of state for Near Eastern affairs, met separately with Mr. Mubarak on Tuesday and told reporters that he shared the sense of apprehension about what might happen if the London talks fail.

"What is very important here is that both sides come to that meeting with a view to making it a success, and we certainly want that meeting to be a success," Mr. Indyk said.

Israel Plays Down U.K. Talks

Doug Struck of The Washington Post reported earlier from Jerusalem:

Mr. Netanyahu says he does not believe that the talks in London on Monday are a "make-or-break" event in the Israeli-Palestinian peace process.

"It's being presented as such, but I think the interest in peace is too strong to be dependent, to pivot, on one meeting alone," he said in a question-and-answer session with foreign reporters.

Mr. Netanyahu also stepped up his



President Mubarak greeting Prime Minister Netanyahu on Tuesday.

warnings to Mr. Arafat in response to the Palestinian leader's vow to declare statehood on May 4, 1999, a date set in the Oslo peace accords for the completion of negotiations.

"We won't accept a new Iran or a new Iraq" beside Israel, Mr. Netanyahu said. Declaration of a Palestinian state, he said, "would be a direct violation of Oslo and would dissolve the agreement."

Mr. Arafat has accused Mr. Netanyahu of stalling on commitments made by his predecessor, Yitzhak Rabin, and has said he will declare statehood even if the "final negotiations" that the Oslo accords say should be completed by that date have not yet begun.

Oslo envisioned a certain timetable, Mr. Netanyahu noted. "Rabin used to say there are no sacred dates, and no dates were met by the previous gov-

ernment." Mr. Netanyahu also said he did not believe Palestinians should have a state, even though the Israeli negotiators of the Oslo accords, including former Prime Minister Shimon Peres, have called that the expected conclusion of the process.

"I think we will have to adopt new models that limit self-determination," Mr. Netanyahu said. "They should have all the powers to run their lives and none of the powers to threaten Israel."

He added, "If the Palestinians took unilateral action, Israel would take unilateral action."

Mr. Netanyahu declined to elaborate, but others have said Israel might move swiftly to increase military control or even annex the majority of the West Bank that remains under full or partial Israeli control.

U.S. Tobacco Firm To Aid in Inquiry

Continued from Page 1

WASHINGTON — Liggett & Myers Inc., smallest of the big five cigarette makers in the United States, agreed Tuesday to cooperate with the Justice Department's criminal investigation of the tobacco industry.

The agreement, the first of its kind with a major tobacco company, did not contain any grant of immunity from prosecution, the department said. Liggett had sought immunity in discussions with prosecutors, officials had said.

The Justice Department criminal division said that Liggett, a division of Brooke Group Ltd., had agreed to provide truthful, complete and accurate information about the industry's knowledge of the health consequences of smoking cigarettes and nicotine's addictive nature.

It also will provide information about the targeting of children, the manipulation of nicotine, control of research by the Council for Tobacco Research, and the involvement of lawyers in drafting false or misleading statements by any of the tobacco companies. (AP, Reuters)

CYPRUS: Russia to Press Ahead on S-300s

Continued from Page 1

defended the sale and denied that Moscow had any hidden motivations.

"The S-300 contract is a purely commercial deal," he said in an interview. "We consider it should go forward."

Mr. Rakhmanov said that the missile deal was not responsible for the tensions on Cyprus, adding that Moscow had proposed the demilitarization of the island.

The S-300 is actually a complex of systems, consisting of missiles, missile launchers and several radars.

Cyprus justified its decision to buy the S-300 by arguing that it was a purely defensive weapon that would enable the island to defend its skies against Turkish aircraft.

But the S-300 would also have the capability to attack planes in Turkish airspace. The Turks also maintain that it could be converted to fire surface-to-surface missiles, a move that U.S. specialists believe is technically possible but farfetched.

In the view of American officials, the deployment of the S-300 would undermine Cyprus's security. They say that the weapons are capable enough to worry the Turks, but that Cyprus is not buying enough of them to mount an effective defense. The S-300's radars, U.S. officials say, could be damaged or knocked out by air strikes, artillery or sabotage, limiting the weapons' utility.

But Cyprus may have had political

objectives as well in ordering the system. Its contract with the Russians may have been a way of focusing international attention on the Cyprus problem and the worsening relations between Greece and Turkey.

The island of Cyprus has been divided since 1974 between ethnic Greeks and Turks. After the military authorities that ruled Greece at that time encouraged a coup in Cyprus, Turkey invaded.

The Cypriot government represents the Greek part of the island. The Turkish part of the island has declared itself an independent state.

"We have raised this with the Russians at senior levels on a number of occasions," a senior Clinton administration official said of the S-300 deal. "We have said it will be destabilizing. But the Russians have consistently disagreed with our analysis and our position."

Caution on Peace Talks

Cyprus responded cautiously Tuesday to an apparent softening in Turkish demands about the resumption of peace talks, Reuters reported.

Turkey said that international recognition of a breakaway Turkish Cypriot state was not a condition for talks between the two communities on the island.

A Cypriot source said Tuesday: "We are getting some confusing signals. We must have something concrete in our hands and we don't have that yet. We are waiting for Holbrooke."

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LEGAL NOTICE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA
-against-
GREGORY PAUL TIMMOWELL,
Defendant.

CRIMINAL CASE
NO. 95 Cr. 392
(Platt, J.)

NOTICE OF SEIZURE

NOTICE IS HEREBY GIVEN that by virtue of Warrant for Arrest in Rem, issued by the U.S. District Court for the District of Maryland, in an action entitled U.S. v. Hope Riggs, et al, I, Special Agent Andrew J. Koch, U.S. Secret Service, arrested on November 14, 1997, said property described under Criminal Docket No. PJM-97-0108 and filed with the Clerk of the court for the District of Maryland for violation of 18 U.S.C. § 1342 and 1956 and 18 U.S.C. § 891, and which action request that the said property be seized for condemnation and confiscation and requests such costs and disbursements as decreed by the Court. Any person who is entitled to possession, or claiming an interest in or to said property, pursuant to Supplemental Rule 69 of the Certain Admiralty and Maritime Rules, Federal Rules of Civil Procedure, and within 10 days after publication must file a claim with the Clerk of the Court, U.S. District Court for the District of Maryland and make service upon the attorney for the plaintiff, and must serve their answers within 30 days after the filing of their claims. All interested persons should file claims and answers within the time so fixed, or be defaulted and said property be condemned and forfeited to the use of the United States of America. DAVID I. SALEM, Assistant United States Attorney, Suite 400, U.S. Courthouse, 6500 Cherrywood Lane, Greenbelt, Maryland 20770, attorney for the plaintiff.

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NOTICE IS HEREBY GIVEN that on April 1, 1998, in the above captioned case, the Honorable Thomas C. Platt, United States District Judge for the Eastern District of New York, entered a preliminary order of forfeiture condemning and forfeiting the following property to the United States of America: 1. \$690,000 in currency on deposit in account number 25102771 in Bank Julius Baer & Co., AG 8010 Zurich, in the name of Charles Gordon; 2. All funds on deposit at Standard Chartered in Singapore in the name of Gregory Paul Timmowell, Charles Gordon, Gregory Gordon, Adrian David Greg & Adrian David Hall, David Adrian Hall, John Harris, Adrian Hopkins, Joseph Adrian Thompson Hopkins, Ronald David Hughes, Paul Martin, John Merrick, Richard Joseph May, Richard Martin, Milton Jackson Parker, Michael Santos, Chris Stevens, Adrian Timmowell, or Gregory James Timmowell; 3. All funds on deposit at Citibank in Singapore in the name of Ronald David Hughes, Gregory Paul Timmowell, Charles Gordon, Gregory Gordon, Adrian David Greg, Adrian David Hall, David Adrian Hall, John Harris, Adrian Hopkins, Joseph Adrian Thompson Hopkins, Ronald David Hughes, Paul Martin, John Merrick, Richard Joseph May, Richard Martin, Milton Jackson Parker, Michael Santos, Chris Stevens, Adrian Timmowell, or Gregory James Timmowell; 4. All funds on deposit at ABN Bank in Amsterdam, in the name of John Harris, Gregory Paul Timmowell, Charles Gordon, Gregory Gordon, Adrian David Greg, Adrian David Hall, David Adrian Hall, John Harris, Adrian Hopkins, Joseph Adrian Thompson Hopkins, Ronald David Hughes, Paul Martin, John Merrick, Richard Joseph May, Richard Martin, Milton Jackson Parker, Michael Santos, Chris Stevens, Adrian Timmowell, or Gregory James Timmowell; 5. Contents of any private storage units located in Venice Beach, California; and 6. All other funds on deposit at any other financial institution anywhere in the world.

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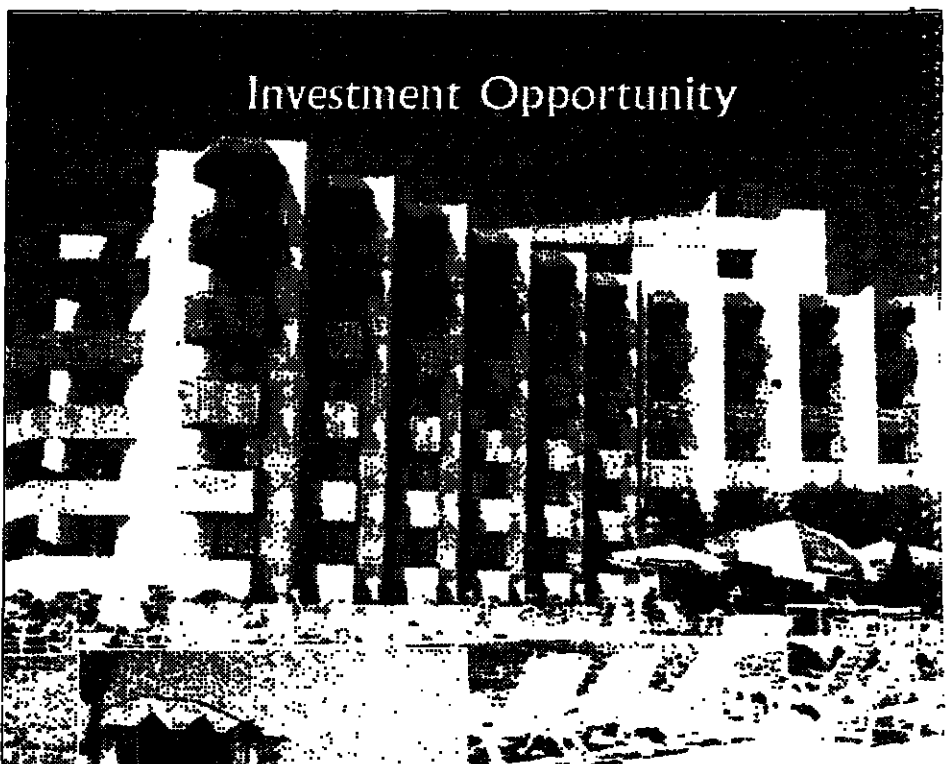
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EDITORIALS/OPINION

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Charade in Nigeria

To no one's surprise, Nigeria's five legal political parties, all government-financed, have chosen the country's dictator as their nominee in presidential election due on Aug. 1. General Sani Abacha is the sole legal candidate, although he has not yet formally announced whether he will run. It is now clear that the election, which was billed as the centerpiece of Nigeria's return to democracy after five years of General Abacha's iron fist, will only whitewash his rule.

Nigerians made their views clear on Saturday, as practically the entire country boycotted elections for a National Assembly, a principal opposition group, has called for a boycott of the presidential election as well. Washington should endorse this call, and show General Abacha the consequences of backing away from the promise of democracy.

Few leaders anywhere have presided over as thorough and rapid a decline as General Abacha, who took office in a military coup in 1993. He then imprisoned Moshood Abiola, the apparent winner of free elections, and suspended the constitution. Since then, the nation's per capita income has dropped precipitously. Nigeria, one of

the world's top oil producers, now has all-night lines for gasoline.

It may be the world's most corrupt country, which helps explain where the oil money has gone. It was once one of Africa's most democratic nations, but today independent Nigerians are subject to exile, arrest and even execution. General Abacha celebrated his nomination with a new crackdown on the press.

In 1994 he promised a quick transition to a democratic government that did not include him. That helped stave off sanctions, but his sham is now obvious. The United States should endorse the democratic opposition and greatly increase its \$2.6 million in assistance to those groups. The money could go to radio programs for democracy training and to families of detainees, among other things. Congress should pass a bill sponsored by Representative Donald Payne that would bar new American investment in Nigeria.

The Clinton administration once halfheartedly tried to enlist other nations in a boycott of Nigerian oil. The effort failed in part because many nations wanted to see how the transition to democracy proceeded. It is now clear that there will be no transition. The idea of an oil embargo should be revived.

—THE NEW YORK TIMES.

Born Unlucky Abroad

The U.S. Supreme Court issued a split decision on Wednesday in *Lorelyn Pender Miller's* quest for American citizenship. Ms. Miller is the out-of-wedlock daughter of a Filipino mother and an American serviceman stationed in the Philippines in 1970. Had Ms. Miller's mother been the American, the child would have been granted citizenship automatically. But because she claimed citizenship through her father, the law required more. Specifically, it required that he establish paternity before Ms. Miller reached 21 years of age. And because he did not do this, the State Department deemed Ms. Miller ineligible for citizenship. The question before the court was whether the difference between the law's treatment of children of unmarried American mothers and those of unmarried American fathers violates the constitution's equal protection guarantees.

The larger question, of course, is the extent to which American society must be gender-blind even on those subjects, such as parenthood, in which men and women are very different.

The court was nowhere near consensus on either question. Chief Justice William Rehnquist and Justice John Paul Stevens regarded the law as a rational, nondiscriminatory distinction between men and women, who, Justice Stevens wrote, are "differently situated" when it comes to the obviousness of parenthood.

Justices Antonin Scalia and Clar-

ence Thomas voted to uphold the law, but for a different reason; they believe that the courts have no authority to grant citizenship under any circumstances. Justices Sandra Day O'Connor and Anthony Kennedy voted to uphold it, too, but they did so because they believed that Ms. Miller had no standing to challenge the law.

This made six votes, which means that the law stands — at least for now. But confusing matters further is the fact that Justices O'Connor and Kennedy appeared to go out of their way to suggest that they might have, had they reached the merits of the case, agreed with the three dissenters that the law discriminates unconstitutionally. So while the court did not overturn the law, it did cast its constitutionality into considerable doubt.

All this only muddies the waters further, and only very equivocally addresses the big questions. But that may be just as well, for there are questions here that society probably should muddle through in the political realm. Does the recognition that motherhood and fatherhood are not identical necessarily flow from and reinforce stereotypes, or is it a nod to reality? Can there be a principled line drawn between rational gender distinctions in law and discriminatory ones? It is far from obvious how the constitution speaks to these questions, and no more so as a result of last week's ruling.

—THE WASHINGTON POST.

Reform Can Pass

As soon as the most expensive U.S. presidential election in history ended in 1996, Republicans and Democrats quickly deplored each other's fundraising excesses. Yet since then the money flow has increased. Unregulated "soft money" from corporations, unions and rich donors is already running 20 percent ahead of the last campaign cycle at this point. It could easily exceed \$500 million by election day in 2000, nearly double the amount raised last time. The integrity of American politics is under threat, unless the system is fixed.

The figures are worth keeping in mind now that New Gingrich has yielded to popular pressure and promised a free and fair vote on campaign finance reform in the House. It is also important to recognize that the legislation sponsored by Representatives Christopher Shays and Martin Meehan is not an extremist scheme that would impose unheard-of restrictions on American politics. Their bill would simply restore sound rules that have been brazenly circumvented in recent years.

The biggest danger now lies in watered down bills dressed up to look like reform. A bill put forward by a bipartisan group of House freshmen, however well intentioned, would undermine a campaign cleanup by barring soft money for the national parties but letting it flow into the state parties. Their bill would also let independent organizations like unions or anti-abor-

tion groups use unregulated money for attack ads that have become a fixture of the candidates' campaigns. Party leaders addicted to special-interest money love to wrap themselves in the First Amendment. They suggest that limiting campaign money somehow deprives Americans of having a say in politics. But successive generations have curbed the corrupting influence of campaign money since 1907, when corporations were first prevented from contributing directly to candidates. Labor unions were barred in 1947. Limits on the size of contributions by individuals and political action groups were enacted in 1974.

Yet most of these restrictions have become meaningless. In the last election, the parties spent soft money on ads and other activities in ways that directly benefited Bill Clinton, Bob Dole and other candidates.

Mr. Gingrich and other Republicans say they oppose reform because it would prevent unions from running attack ads against them as they did in 1996. But the Shays-Meehan bill would bar union- or corporate-sponsored television ads for or against candidates within 60 days of an election. Mr. Gingrich seems less interested in restricting unions than in preserving a system that favors Republican fund-raising. A bipartisan majority in the House says it favors a soft money ban. One can pass if they all keep their word.

—THE NEW YORK TIMES.

Act Now to Help Restore Confidence in Indonesia

By Richard W. Baker

HONOLULU — Indonesia has emerged as the worst casualty of the financial crisis in East Asia. Its once-booming economy is rapidly sliding into recession. Inflation and unemployment are soaring. A period of severe hardship looms ahead.

Three successive bailout agreements negotiated by the government of President Suharto with the IMF have yet to stanch the economic hemorrhage. The continuing wave of student protests is a sign of increasing popular discontent.

The root of the crisis is loss of confidence in Mr. Suharto, 76, a retired army general who has ruled for 32 years. He appears to have a firm grip on power; he was re-elected unopposed last month for a seventh term, and he handpicked his vice president. But he is not in control of events.

He is widely seen in financial markets and among investors as part of the problem, even the main problem.

Economic recovery requires the return of flight capital, much of it controlled by Chinese-Indonesians. It also needs renewed foreign investment. Such inflows seem unlikely as long as

Mr. Suharto rules. Even if help from the IMF, the World Bank and trading partners succeed in stabilizing the economy, investors have been burned and will be more cautious in future.

In the meantime, the economy will be at rock bottom for the next one or two years. Social tensions will fester, and unrest could escalate to the point where it exceeds the capacities of the armed forces to contain.

However, the general population has no real firepower, and any outbreaks of violence are unlikely to be coordinated in support of a central challenge to the government. So even in the face of major disorder, the military should be able to regain control over time.

There is an outside chance, in a crisis, that the military leadership would prevail on Mr. Suharto to step down in the same way that he forced Indonesia's founding President Sukarno to yield power in 1966. But this is unlikely, because of Mr. Suharto's personal ties with the top commanders

and because of the ingrained discipline of the armed forces.

And there is currently no alternative candidate with the requisite support base and credentials.

So neither a popular revolution nor a palace coup seems probable.

Still, Mr. Suharto will eventually be succeeded. The military, with its continuing monopoly over the instruments of force and its traditional role as the ultimate guardian of the country's destiny, will most likely control the succession process.

Regardless of who leads the government, the lesson of the current crisis is that if Indonesia is to realize its true potential as one of the leading states of the region and the world, there must be major reforms of its basic economic and political institutions.

Despite repeated promises, Mr. Suharto's delaying tactics and maneuvering with the IMF in the last six months have convinced most observers that he is not up to this job.

Nor would a military-dominated successor regime have the skills and experience to make the necessary

changes on its own. A broader coalition, including technocrats as well as business and political leaders, would be needed.

The task facing any successor regime will be harder to the extent that the current crisis produces widespread violence and destruction.

If chaos occurs, the crackdown required to restore order will be stronger, the economic and international costs to Indonesia will be greater, the level of antagonism and distrust within society will be higher, and the new leaders will have to devote proportionally greater attention to stability and order, rather than to recovery and reform.

Such a combination would pose a daunting challenge. It would be ironic, if by refusing to permit a more orderly and timely succession, Mr. Suharto left a situation with so many unpleasant parallels to the one he inherited in 1966.

The writer, a former U.S. diplomat who served in Indonesia, is a senior fellow at the East-West Center in Hawaii. He contributed this comment to the International Herald Tribune.

For America, Enlarging NATO Is Dumb and Dangerous

By Thomas L. Friedman

WASHINGTON — Ben Cohen, head of Ben & Jerry's ice cream, is struggling for the right analogy: If NATO expansion against a newly democratic Russia were like the ice cream business, what would it be?

"I think I've got it," says Ben. "Our biggest competitor is Haagen-Dazs. So it would be as if one day Haagen-Dazs announced that after all these years of competing with us, it had decided to go out of the ice cream business and instead would sell only hot dogs."

"And then one day Haagen-Dazs Hot Dogs comes to Ben &

Jerry's and says, 'We would like to be partners with you and sell your ice cream in our hot dog shops.' But we said to them, 'No, we won't let you sell our ice cream. We still want to drive Haagen-Dazs out of business, even though you're not in the ice cream business anymore, because we remember you were once in the ice cream business. And furthermore, we're going to spend \$2 billion to kill your hot dog business to make sure you'll never sell ice cream again.'"

Well, you get the point. NATO expansion is about not know-

ing when the war is over and how to consolidate your gains.

Now you might ask what Ben of Ben & Jerry's knows about such things, and why he is buying newspaper ads opposing NATO expansion, on the eve of the Senate vote.

The answer is that Mr. Cohen is not an expert in foreign policy, but that makes him perfect for the NATO debate, because it hasn't been about foreign policy. It has been about politics — the Clinton team's desire to win East European ethnic votes. It has been about

marketing — the biggest lobby for NATO expansion is U.S. arms sellers. And it has been about nostalgia — the nostalgia of the conservative right for the Soviet Union and the clarity of the Cold War.

The one thing it has not been about is what Mr. Cohen is an expert in: what's good for America. And as the founder of Business Leaders for Sensible Priorities, a coalition of 400 executives concerned about the future of U.S. schools and cities, Mr. Cohen is asking the only relevant question:

Why would the United States expand a Cold War alliance

against a democratic Russia that wants to be part of Western Europe, when those resources and energies could be used at home and abroad so much more productively?

"It's crazy," he says. "But NATO expansion isn't just dumb. It's dangerous — because fighting the last war is only going to make it harder to win the next one."

What are the threats to U.S. security today? They are Russia's loosely controlled nukes, missile proliferation, terrorism, rogue states like Iraq, and global organized crime (especially Russian). The United States cannot effectively deal with these problems without a cooperative Russia.

Therefore, there is only one relevant test for NATO expansion: Will it help or hinder U.S.-Russian cooperation on America's post-Cold War agenda?

It will absolutely hinder. NATO expansion will exacerbate America's security problems in Europe — because just bringing Poland, Hungary and the Czechs into NATO is going to draw a new dividing line in Europe, and bringing all Central and East Europeans into NATO, including the Balts, will only rekindle the Cold War and prompt Russia to rely even more on nuclear weapons for its defense.

Oh, but you don't understand Russia, the NATO expanders say. It's as much a bear as the Soviet Union. It will reoccupy Eastern Europe as soon as it is strong enough.

Maybe. But so far the Russians have peacefully withdrawn their troops from Eastern Europe, abandoned communism, established democratic rule, disbanded the Soviet Union and agreed to conventional and nuclear arms reduction treaties, in which they gave up much more than America did.

That is why those Cold War hard-liners who actually know Russian history, politics and culture — like Ronald Reagan's ambassador to Moscow, Jack Matlock, or the Harvard historian Richard Pipes — are against NATO expansion.

They know that if Russia should turn into a bear again, there is ample time to deter it. But in the meantime we maximize America's post-Cold War interests by trying to nurture the reforming Russia, the one before our eyes, rather than treating it like the Soviet Union in drag, and inevitably restricting future cooperation on what matters to us.

As Mr. Cohen would put it, opposing NATO expansion is not about being sensitive to Russia's feelings, but about being sensitive to U.S. interests.

Ah, but what does the ice cream man know about foreign policy?

The New York Times.

Yeltsin Was Right to Halt Chernomyrdin's Sabotage

By Anders Aslund

WASHINGTON — There are many in the West who think that Boris Yeltsin has gone mad. First he fired several top ministers, including his prime minister, Viktor Chernomyrdin. Then he pressured the Parliament to accept Sergei Kiriyenko, a young official largely unknown abroad, as his replacement.

But in fact President Yeltsin has acted in a completely rational and constitutional way. Clearly he was jealous of Mr. Chernomyrdin, but the prime minister had usurped much of his power, contrary to the Russian constitution. Worse, he had ganged up with some unsavory media tycoon Boris Berezovsky, who opposes competitive auctions of state companies perhaps because he prefers to buy them cheaply in inside deals.

Mr. Chernomyrdin and Mr. Berezovsky together helped stall reforms last fall. With the appointment of Mr. Kiriyenko, badly needed reforms can be restarted.

Although high inflation is over, Russia has barely returned to economic growth. A quarter of the population lives under the poverty line.

The main economic problem is the tax system. The concern is not that the government does not collect enough taxes. In fact, it collected 32 percent of Russia's GDP last year, the same proportion that the United States has. The problem is rather that Russia has no actual tax system. In practice, taxation is a free negotiation between the ubiquitous tax inspectors and taxpayers, meaning that the strong win and small entrepreneurs are chased out of business.

Hence Poland and Hungary, for example, have six times more enterprises in relation to their population than Russia. This means feeble competition, leading to substandard products

and service, high prices and little economic growth. Russia needs radical tax reform before significant growth is possible. Mr. Chernomyrdin successfully stalled on tax reform for years.

Another problem, which Mr. Kiriyenko has complained about, is that the government expanded by no less than 1.2 million bureaucrats during Mr. Chernomyrdin's tenure. No wonder Russian and foreign businessmen complain that little can be done because of extraordinary red tape.

In Soviet fashion, Mr. Chernomyrdin had one approach for every reformer in the government. Mr. Kiriyenko has demanded that half the bureaucracy be eliminated so that the other half can start working.

He says these things in a commonsensical and nonideological way. Although he is only 35, he has been a top executive at a bank and a large oil

refinery. In the mastodon of the Ministry of Energy and Fuel, he managed to gain full command and to undertake sensible administrative reform.

Another thing in the prime minister's favor is that he has the right enemies. The Communists have turned against him, smelling a reformer and free marketeer.

But the most vocal criticism has come from Mr. Berezovsky, whose newspapers have tried to expound on all of his faults, without finding much. Mr. Berezovsky's concerns appear to be that he is independent and opposes crony capitalism.

Because such vested interests remain strong, progress is likely to come in small steps. But Mr. Yeltsin took an important stride when he replaced his prime minister.

The writer is a senior associate at the Carnegie Endowment. He contributed this comment to The New York Times.

The 'New Economy' Likes Old Community

By Neal Peirce

WASHINGTON — Consigned to extinction by the Republican Congress, the Congressional Office of Technology Assessment sang a troublesome swan song in 1995. Americans would soon be deserting cities, migrating to calm rural places, it predicted.

And why? Computers and modems would free people from offices, let them work anywhere. So why not bow to the inevitable and just spread a thin, sprawling layer of homes and settlements across the American continent?

But now comes the Silicon Valley-based consulting firm of Collaborative Economics with a radically different tune for the times.

A "New Economy" has dawned, changing the fundamental way people live and work, assert lead economist Douglas Henton and his colleagues. But it is only accidentally connected to high-tech (the making of computers or microchips), they assert in their report to the James Irvine Foundation.

The point of the New Economy, instead, is a set of tools that industries use to gain competitive advantage — speed, quality, flexibility, knowledge and networks.

Example: Southern California's entertainment/new media industry, which has added a hard-to-believe 90,000 jobs since 1995. But not the old way, through a handful of mega-studios. The growth now is a complex web of independent producers, writers, directors, artists and technical people who assemble and reassemble around specific projects.

The New Economy lingo is actually pretty easy to understand. The idea is that industries need speed and flexibility to reduce "time to market" and beat out competitors. Firms must be able to change course on a dime.

In lieu of one-of-a-kind

routine production, they are into "mass customization." (Think of Starbucks' infinity of coffee flavors.) And they network all the time, alternately competing and collaborating with other corporations.

What does this mean for workers, and where they work? The British management guru, Charles Handy, describes the "portfolio" worker who carries his skills within him to different jobs. Today's knowledge worker, instead of carrying a bag of tools like a craftsman of earlier times, practices his or her trade with the personal computer. So, in a throwback to the craft era, home can again become an important workplace.

But, Mr. Henton cautions, that does not mean that people will want to flee to isolated subdivisions, technology parks or plants built on greenfields. The talk of disembodied cyberspace, he argues, "misses the fundamental point that creative work occurs primarily in face-to-face exchange within teams, where people live and work in close proximity." Electronic communications are important, "but not a substitute for the trust, sharing, and intense interpersonal interaction essential for the creative process."

It follows that the heart and soul of the New Economy — where the action is — "will be tied to place."

And when you talk place, you talk town and city, places with restaurants, cafes, walkable streets, shared meeting spaces.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

The irony is immense: As we move toward the fully globalized, hyper-competitive world of the 21st century, the value we place on balanced, livable communities through most of human history may be reassessed.

It is easy to doubt all this. The forces of standardization, from unthinking zoning to ugly mega-highways to sterile edge cities and box retailing, remain exceedingly strong.

But Mr. Henton is a solid economist whose work on other issues — economic clustering and the rise of civic entrepreneurs, for example — has been top-notch. To see someone of his stature project a better future, based not on sentiment but on hardheaded analysis of New Economy trends, is itself a heartening sign of the times.

Washington Post Writers Group

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Matanzas Attack

PARIS — [The Herald says in an Editorial:] One of the first important events in the war with Spain has been the bombardment of Matanzas. The Herald's despatch-boat, with its correspondent on board, was the only vessel outside of those engaged that witnessed this affair and subsequently carried the unique journalistic account available. Matanzas is non-existent as a fortified position, the shells of the United States warships having demolished its batteries.

1923: De Valera Bid

DUBLIN — A new situation has been created by the publication of a manifesto signed by De Valera offering to negotiate with the Irish Free State, and of an order for the suspension of the guerrilla warfare which has lasted for fifteen months. While the hope is held that the sus-

pension of hostilities will be permanent, a cautious attitude is preserved by the Government. If the proposal is more than an attempt to extort terms from the Government, it is contended that De Valera can make this clear by abandoning his weapons.

1948: Industry Seized

BELGRADE — The Yugoslav Parliament delivered a final blow to all private enterprise above the level of artisan and small shopkeeper. It decreed nationalization of some 3,100 privately-owned businesses which had escaped that control. When amendments to the nationalization law become effective, Tito's government will have achieved full control of industry. "The last vestiges of capitalism are gone," said Borje Kidrich, chief of the Planning Commission. "The state apparatus has developed sufficiently to take over all industry."

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Challenging the D

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LETTERS TO

The Editor

Dear Editor:

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because I am

concerned about

the future of

our country.

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take my concerns

into account.

Sincerely,

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OPINION/LETTERS

Challenging the IMF, Intellectually and Politically

By Soren Ambrose

WASHINGTON — The International Monetary Fund's growing involvement in crisis-ridden East Asia has earned it unprecedented and overdue attention. After decades of quietly designing and overseeing the economic policies of dozens of countries, the IMF has become a hot political issue on Capitol Hill.

Conservatives in Congress mistrust the IMF's willingness to meddle with market forces, bailing investors out of the consequences of their risky bets. Progressives oppose its reliance on trickle-down economic policies that invariably favor the interests of multinational corporations and rich foreign investors over poor and middle-class people in poor countries.

Supporters of the IMF, including the leadership of both parties, appear uncomfortable with the growing public debate. They and the Clinton White House have worked hard all spring to avoid any committee hearings or roll-call votes on IMF funding — even as President Bill Clinton continues to seek approval of an \$18 billion appropriation to bolster the international lending agency over the next three years — a 45 percent increase in the U.S. commitment to the IMF.

Debate in the House is likely to center on the IMF's intention to amend its Articles of Agreement to mandate the deregulation of investment capital flows in member countries. Some say such deregulation set off the financial crisis in Asia and Mexico.

The Fund also faces an unprecedented intellectual challenge from its own ranks.

The most prominent and outspoken of the IMF's critics is the Harvard professor Jeffrey Sachs, who advised the

governments of Bolivia, Poland and Russia as they implemented IMF economic restructuring programs in the 1970s and '80s. Mr. Sachs now opposes IMF policies to revive East Asian economies.

The recent crisis, he argues in the March-April issue of *The American Prospect* magazine, is "a financial panic made in the private sector" that the IMF at first ignored and then made worse.

He notes that in the months before the East Asian collapse, the IMF had expressed great confidence in the Asian economies, citing their "sound fundamentals" such as budget surpluses, high savings rates, low inflation and export-oriented industries.

Once the dependence of these countries on short-term foreign debt became appar-

ent, panic set in. Asian currency values plunged and the IMF stepped in with its standard prescription: layoffs, higher interest rates and the opening of local economies to international investors.

As a result, Mr. Sachs notes, a "wave of bankruptcies is sweeping Korea, and a massive rise in unemployment seems set to hit all three of the economies" — Thailand, Indonesia and South Korea.

The IMF's own records bear out Mr. Sachs's criticism. Over the past 18 years, the IMF has required more than 80 countries in extreme debt distress to adopt its Structural Adjustment Programs. To get access to IMF financing, governments must subscribe to the "Washington consensus," meaning they are effectively required

to cut government spending on health and education, devalue their currencies, raise interest rates and allow

If the Fund's austerity plans truly led to higher standards of living for most people, the pain inflicted might be acceptable.

foreign ownership of domestic businesses.

If the enforced austerity of "structural adjustment" truly led to higher standards of living for the majority of the people in IMF client countries, the pain inflicted might be acceptable. But an internal study, completed by the IMF staff in September 1997, found that per capita income stagnated in countries undergoing structural adjustment from 1981 to 1995.

In developing countries free of the IMF, the study found that per capita income rose.

The technical language of these reports translates into shocking hardship for many. The classic case is Mexico, sometimes described as an IMF success.

In 1982, it became apparent that Mexico could not pay its foreign debts. The IMF put together a "rescue package" and, for the next decade, the Mexican government followed the IMF's standard policy prescriptions. But real income fell from 1982 to 1992. Infant deaths due to malnutrition tripled. The real minimum wage lost more than half its value, and the

percentage of the population living in poverty increased from just under one-half to about two-thirds of Mexico's 87 million people.

In 1994, Mexico was again hit by financial crisis, as the risks of growth financed by short-term foreign investment became plain. The government was forced to devalue the peso, and foreign investors stampeded to withdraw their money. To reassure global financial markets, the IMF put together another bailout plan; since the plan's adoption, 20,000 small and medium-sized businesses — one-third of Mexico's commercial enterprises — have gone bankrupt and 2 million people have lost their jobs.

Perhaps the most surprising new critic of the IMF is Joseph Stiglitz, the chief economist at the World Bank. The World Bank, which finances development projects such as dams and power plants in poor countries, is the IMF's sister institution.

In January, Mr. Stiglitz told *The Wall Street Journal* that the IMF bailout conditions in East Asia might cause a "severe recession" by imposing unnecessary austerity measures.

It is time to face up to the damage that has been wreaked by the IMF. The IMF's managing director, Michel Camdessus, recently acknowledged to a group of U.S. church leaders that realizing the benefits of the IMF's macroeconomic model might require the "sacrifice of a generation."

Congress should take the opportunity to abandon such cynicism and reject the additional \$18 billion for the IMF. Just as democratic governments long ago recognized that war was too important to be left to the generals, the economies of the world are far too important to be left to the economists at the IMF.

Asia Needs Social Protections

RECENT events in Asia provide a dramatic illustration of how powerfully and swiftly a major economic shock can be translated into a major social crisis. They provide a strong moral argument for ensuring greater stability in the international financial system.

It was not only weaknesses in domestic policies and regulatory mechanisms that caused the crisis in Asia. The contamination of market processes by politics was also a root cause. The strengthening of democratic institutions is thus central to a postcrisis economic model.

Free and fair elections, freedom of expression and public debate, the rule of law and the accountability of elected officials are among the attributes of democracy

essential to preventing harmful distortions of market processes by governments.

Democracy is also essential to ensuring greater social equity in the development process. It must by now be clear that in the precrisis period there was a relative neglect of labor rights and social protection. Social progress lagged far behind the area's spectacular economic growth.

The unfortunate consequences of this unbalanced development are now plain to see.

— These comments were excerpted by the *International Herald Tribune* from a speech by Michel Hasenec, director-general of the International Labor Organization, at an ILO meeting in Bangkok last week

LETTERS TO THE EDITOR

'Titanic' Redux

Regarding "A Glacial Response to 'Titanic' from European Intellectuals" (*Meanwhile*, April 15) by Richard Pells, and "Titanic Reaction" (*Letters to the Editor*, April 23):

Allow me to come to the defense of the poor, deluged Mr. Pells. Although he got somewhat carried away in his enthusiasm for James Cameron's film and genius — his right in this world of varied tastes — Mr. Pells is basically correct in his assessment of European snobbery toward American cultural exports.

As a film journalist in Geneva, I am confronted daily with an elitist rejection of the "Hollywood system," regardless of the merit of Hollywood exports and often because of

their success. This arrogance, and the refusal to give credit where it is at times due, is frustrating. No doubt Rambo, Terminator and Co. have sullied the artistic landscape of cinema, but there is also magic and robust entertainment coming out of America.

Often, if a work is not dark, twisted and excruciatingly slow, Europeans raise their noses and simply dismiss it as commercial junk. There is a distinct bias.

N. INGWERSEN, Geneva.

Mr. Pells's apology for "Titanic" ignores the excellence of the many independent films made not only by European producers but by talented independent Americans — whose films we never get to see.

It is extremely difficult to find out about, let alone to see, any American films aside from those that the big companies advertise and distribute. Only people lucky enough to live near the site of a film festival are ever able to enjoy the many excellent and meaningful films made each year.

ALLISON PETERS, Rome.

Please! As an adult representative of the American masses, I can report that "Titanic" was a gigantic bore. Predictable. Laughable. With very bad dialogue and bad ideas.

We take our children to these things because they want to go and we want to be with them. We went in the zillions to see "Titanic" be-

cause we wanted to hang out with our kids; because it was cleverly advertised and we are easily duped; because it was a pleasant way to spend a Saturday night; because we wanted to see what the fuss was about, and because we wanted to have a good laugh at the morons in Hollywood. We would have been pleasantly surprised if it had been any good.

ROBERT SULLIVAN, Traverse City, Michigan.

Putting aside whether "Titanic" was a cultural and intellectual masterpiece — I thought it simply a rather entertaining way to spend a rainy Sunday afternoon — the letter from Michael Birch strikes me as a rather stereotypical condemnation of all things American.

As an American who has spent half his adult life in Asia and Europe, I have experience with those who preach superior European diversity in both culture and history while discounting most things American as "shallow and predictable."

The fact that Mr. Birch and his kind choose not to recognize is that America is a country of extremes. It is the most diverse country in the world in terms of culture and history and, at the same time, it is the most homogeneous.

Almost every country, culture and religion in the world has representatives in the American citizenry. This may explain why American movies like "Titanic" do well around the world.

TOM WRIGHT, London.

The writer is on the steering committee of the 50 Years Is Enough Network, a coalition of more than 200 U.S. organizations dedicated to the fundamental transformation of the International Monetary Fund and the World Bank. He contributed this comment to *The Washington Post*.

Is It Really Sexual Harassment If Nothing 'Happens'? Yes

By Ellen Goodman

BOSTON — Is it my imagination or are even the Supreme Court justices getting a touch frustrated by the sexual harassment eruptions in their courtroom?

On Wednesday, the court heard the fourth in a series of appeals from lower courts to "bring order to the chaotic case law." This one was so complex it had Justice Ruth Bader Ginsburg imploring the legal heavens, "How did all this come up?"

MEANWHILE

Justice Antonin Scalia demurred. "We didn't start it."

The case in point was *Ellerth v. Burlington*. According to the undisputed facts, it began when Kimberly Ellerth took a job as a merchandising assistant for Burlington Industries. Soon Theodore Slowik, vice president and her supervisor, began working his charms on her.

There was the hand on the knee, the recurring comments on the size of her breasts and the length of her skirts. There was the time he would not approve a project until she described what she was wearing. There was the day he told her, "You know, Kim, I could make your life very hard or very easy at Burlington."

Mr. Slowik's behavior finally drove her out of work and into court with a pretty good description of a hostile work environment. But the complaint that arrived at the Supreme Court was a *quid pro quo* case. Her suit was based on his threat that if she did not "loosen up," it could affect her job.

The problem before the court, however, was this: When he did "quid," she did not do "quo," and he did not follow through on the old "quid." In other words — English words — when she resisted, he neither fired her nor demoted her. In fact she was promoted.

So the justices were asked to decide the culpability of an empty threat. Is it harassment if "nothing happened"? This is why this case is linked by Paula Jones watchers to her chances for appeal: Ms. Jones also claims harassment without tangible consequences.

Of course, the notion that you have to *quid* (or is it *quo*?) to make a case is troubling in itself. As one of the justices wondered, why should someone who acquiesces have a better case than someone who resists? How do you know if a threat is empty when it is made? And, when you are threatened, "something" has "happened."

The work environment has changed. But the larger question that the Supreme Court has to resolve sooner or later is why on earth do we have a double standard of

sexual harassment law anyway? Why is a case in which a working woman is sexually blackmailed so different from a case in which sexual misconduct creates an environment hostile to her sex and success?

Justice Ginsburg called the distinction "mystifying." So would many employees. Indeed, the original legislation banning employment discrimination makes no such difference.

But under the chaotic case-by-case decisions, the law in this murky new arena has traveled on two tracks.

Track One: Courts have ruled that companies are automatically liable when a supervisor tries to trade sex for a job. In those cases, the boss is the company.

Track Two: When there is "merely" a hostile work environment, the employee has to prove that the company knew or should have known what was going on before it is liable.

This has made lawyers more eager to charge *quid pro quo*. But the two-track system makes no sense. It does not exist for race discrimination. Or for other forms of gender discrimination.

Indeed, the "mystifying" double standard grows out of the lingering belief that sexual harassment is different from other forms of employment discrimination. That it is about sex more than power.

Well, the supervisor with his hand on your knee may be acting in pursuit of sex, not corporate business. The manager who mistreats an African-American because he personally does not like black folks may also be operating on his own. Still, in the matter of race, the company is liable.

The business hires, trains and promotes managers. There is no reason to assume that a supervisor is the company when he tries to blackmail a woman into sex but is a private individual when he describes her breasts.

It would make a good deal more sense if the Supreme Court took the opportunity this spring to make a single standard of liability.

Damages would still vary, but the companies would take discrimination more seriously.

While we are trying to bring order to chaos, here is another unifying theory: Sexual harassment is really not so distinct from other forms of workplace discrimination. It is all about inequality and the abuse of power.

For the moment the real two-track system is still in place.

Kimberly Ellerth has gone to the Supreme Court. But guess where the supervisor is who made her "feel like a piece of meat"? On the job.

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- Honeybunch
- Kind of citizen
- Price fixers
- Gift label word
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- E. M. Forster novel
- Kinsman: Abbr.
- Clie's sidekick
- Makes things slippery
- Former Gov. Grasso
- Choice word
- Gold measure
- P. I.
- Is here
- Cowboy topper

- DOWN**
- LeBlanc of "Friends"
 - Verbal pans
 - Melee
 - Woody Herman's "Autumn"
 - Like working plethoroses
 - Like cooked corn
 - Debatable power, for short
 - The East
 - Herbivorous hoppers
 - Turned down
 - So much as
 - Feast of Lights observers
 - Rock's "Joni"
 - Little helper?

- Suffix with sex
- Benetton rival
- They may be wild
- Arena chant
- False alarm
- Flap in the fashion industry
- Dexterity
- "I get it"
- "Fraud" novelist
- Brookner
- Fashionable
- one?
- Jerk's creation?
- "For Me and My
- Spiffy
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Solution to Puzzle of April 28

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Bringing Woody Guthrie Back to Life

By Peter Applebome
New York Times Service

NEW YORK — In 1954, as his body began to succumb to the devastating nerve disorder that ended his career, Woody Guthrie scribbled two sentences in a hand so shaky it took a full page to hold the 35 words.

"I want you to pay a lot more attention to all my words longer and deeper and quieter and louder than I ever could," he wrote. "You'll get more out of them than I did around here."

No artist suffered a crueler fate than Guthrie, who went from footloose folk poet and, as he put it, "one-cylinder guitar picker" to relatively young victim of a degenerative disease that left him crippled, voiceless, entombed in his own body. Guthrie died in 1967, but his words may yet come true. A half-century after his musical career ended, it's as if he has come back to life.

More than 10,000 of his papers, letters, song lyrics, scrapbooks and artworks are being opened to the public for the first time. In the process, his words are finding voice in new forms — like a remarkable CD of never-before-heard Guthrie songs filtered through contemporary musical sensibilities.

The materials, which include more than 3,000 song lyrics — the vast majority of them never heard or recorded — provide striking, often surprising glimpses into the life of one of the most influential cultural figures of the century. Guthrie inspired Bob Dylan and virtually created the modern folk tradition and singer-songwriter genre, which remains as vital today as it was a half-century ago.

"Woody's idea of his own work was, as he put it, vaccinating himself into society," said Nora Guthrie, the



Nora Guthrie with mementos of her father, Woody, who died in 1967.

youngest of his three living children. She manages the collection along with Harold Leventhal, who managed folk artists like the Weavers, Pete Seeger, Judy Collins and Guthrie's son, Arlo, and handled his affairs when Guthrie's physical condition began to deteriorate in the early 1950s.

"He wasn't the kind of artist who rented a cottage up in the Adirondacks and wrote in privacy for three months," Nora Guthrie said. "Woody's creations took place on street corners, trains, subways. Rather than a traditional archive, we see this as a way to take this stuff out of the archive and get it back to the people, because that's where Woody lived."

The outlines of Guthrie's life are familiar, told through his music: his autobiography, "Bound for Glory," and various biographies, most notably Joe Klein's "Woody Guthrie: A Life."

He was born in 1912 in Okemah, Oklahoma, which he described with typical manic verve as "one of the singiest, square dancing, drinkingest, yellingest, preachingest, walkingest, talkingest, laughingest,

cryingest, shootingest, fistfightingest, bleedingest, gamblingest, gun, club and razor carryingest" farm, ranch and oil boom towns.

Shadowed by an almost biblical string of tragedies — his sister burned to death in a fire, his mother went insane, his father was badly burned in a fire — he took to the road in the 1930s, his pockets filled with paintbrushes, a guitar slung over his back. His combination of Dust Bowl grit, on-the-road wanderlust, leftist populism and Okie wit produced songs like "This Land Is Your Land," "Pastures of Plenty," "Do Re Mi," "Grand Coulee Dam," "So Long (I've Been Good to Know You)." They made him a true American legend, whose reverberations are still being felt.

And then it all slipped away. Guthrie's behavior, always unpredictable, became increasingly erratic. In 1952 he was given a diagnosis of Huntington's disease, which left him unable to walk, to care for himself and finally to speak. He was confined first to a mental ward and then to a hospital bed.

When he died in 1967, he was an inspiration to a generation of artists

like Dylan, Phil Ochs, Joan Baez and Judy Collins, but more a living ghost than an active presence.

But over the years he had compiled an astonishingly rich collection of writing and artwork.

"Woody, more than anyone I've ever known, was an incorrigible writer, observer, verse maker," said Seeger, who sang with Guthrie as part of the Almanac Singers in the 1940s. "Every day of his life, he'd be thinking up rhymes, writing songs, taking notes and jotting them down in his pocket notebook."

Guthrie left most of the material at his home in Coney Island and then Howard Beach, where his wife, Marjorie, did her best to bring some order to it. In 1961, she took stacks and cartons of his work to Leventhal's office in New York, and there it sat until the early 1990s, when Leventhal and Nora Guthrie raised \$100,000 from recording companies and artists to organize it into the Woody Guthrie Archives.

George Arevalo, a professional archivist and ethnomusicologist and assistant director of the Louis Armstrong Archives at Queens College, was hired to preserve and organize Guthrie's materials and materials about him: 700 photographs, 98 scrapbooks, 300 letters, 700 artworks, 700 manuscripts of unpublished material and 500 films, videos and recordings.

"Woody was not just some guy who played guitar and wrote songs," Arevalo said. "He was the consummate diarist. He was an illustrator, artist, painter. And more than anyone I can think of, he embodies so much of the American spirit, someone who could hang out with blues musicians in the Deep South, migrant workers in California, come to New York and hang out on the Bowery and move in intellectual circles at the same time."



Spike Lee: "It's very hard for an actor to play a believable athlete."

The New Dutch Swing Can Play in the Majors

By Mike Zwerin
International Herald Tribune

AMSTERDAM — The Dutch are the only European people to have a style of jazz to call their own. It has little to do with the pejorative named "Euro-jazz," which Americans consider an offshoot, a sort of minor league. No, not even; it's like Japanese baseball.

Kevin Whitehead's new book "New Dutch Swing" (Billboard Books) tells the history of Dutch jazz and how it relates to what else is happening today. Analyzing, quoting, commenting, he builds a good, clear case for music that deserves our attention, music being made by people who deserve our interest.

The word "swing" in the title is a provocation. Americans say "Euro-jazz" does not swing. How illustrative of the American mind-set it is to lump so many diverse cultures under one name. Whitehead, who has a master's degree in English literature from Syracuse University, in New York state, has been a big jazz fan for a long time. Searching for subjects, he began reviewing records. He read the jazz press and thought he could write better than that. He wrote feature articles as a free-lancer. The Dutch subject appealed to him because he thought that it was about time an American wrote in depth about European jazz.

He moved to Amsterdam specifically to write it. An editor at Billboard Books called him to suggest another project and Whitehead talked him into this one. "His accounts thought he was crazy," Whitehead smiles. But the story, which is clearly told and not too technical, is proving to have a curiously wide appeal.

The leading characters belong or belonged to the BIM House. BIM is the Dutch acronym for the Improvising Musicians Foundation, formed in 1974. Arts subsidies started early in the Netherlands. They had student demonstrations before Paris and Chicago. The government threw money at them to get them off the streets. And it worked. Amsterdam was one of the more creative scenes in the 1960s.



Kevin Whitehead at BIM House.

The BIM House is a combination foundation, booking office, rehearsal studio, clubhouse, bar, jazz club and union hall on the Oude Schans Canal. When they moved in, the building looked like a warehouse on the outside and a garage inside.

The Oude Schans, then a collection of warehouses and garages, is centrally located and has since been gentrified. Today's neighbors complain about the "noise," and the BIM House will soon

be moving to a complex, a sort of art ghetto, now under construction behind Central Station. As with most aspects of the arts here, the move is being helped by city and state subsidies.

The Dutch jazz subsidy system is unusual and intelligent. To get a subsidy, a musician must first have a gig. The gig — at a coffee shop, for example — may not pay enough. The subsidy consists of the difference between the number on the contract and a living wage. There is also lobbying for individual grants to composers, and for individual projects. Subsidies are being cut now. People think the government went too far.

There's a long jazz tradition here. Jazz schools turn out post-boppers like anywhere else. The beboppers consider the BIM people as grant-happy politicians who know how to milk the system. Rock musicians also resent them. They consider the BIM a museum. The mainstream jazz tradition in Amsterdam goes back to when Ben Webster said that "if Don Byas lives in Amsterdam, that's good enough for me." Byas had begun to speak English with a Dutch accent.

Amsterdam is just about the only place you still hear the terms "new music" and "improvised music" covering the border between jazz, rock and classical music instead of "free jazz" or "musique contemporaine." Here, the "improvisers" are the main event. "New Dutch Swing" has not exported well, although there are some exceptions. Hans Dulfer, one of the BIM's founders, has a big name in Japan. Willem Breuker's Kollektief continues to play for full houses around Europe and the world. Misha Mengelberg, the scene's guru, is a pianist of extraordinary talent. (They were co-founders of the BIM.)

The percussionist Han Bennink is perhaps the best known. Like the Kollektief, he is theatrical. With these people, being seen is at least half of it. We're talking mostly about mime and slapstick, so language is not the problem; but this is certainly one reason they are not more widely known.

The author Whitehead believes that "America is finally ready for Han Bennink." Bennink's photo is on the cover of his book, sitting behind his drum kit. His head is shaved, he's wearing shades and he looks really fierce. We've seen drummers like this before. It's an image that goes with swinging hard.

Look closer, though, and you see something odd. His high hat cymbals are smoking. The lower cymbal is unusually deep and building a fire in it is one of Bennink's tricks. The high hat's accents on two and four produce smoke rings. The rings rise slowly, the tempo is fast — a subtle visualization of swing.

The difference between Bennink and other clowns — and he'll admit to being a clown — is that when the time comes he can swing as hard as anyone. He has played with Webster, Eric Dolphy and Johnny Griffin, among others, and will tour the United States with the Clusone Trio in May, with Ernst Reijseger on cello and Michael Moore on reeds.

The "absurd" side of New Dutch Swing is criticized by musicians and fans who do not feel comfortable with all the kidding around. Music is too important to be treated with so much frivolity, they say. This is one reason humor is otherwise so lacking in jazz.

Except for Sun Ra, Thelonious Monk, Bill Frisell, the Dutch and very few others, jazz is considered to be "as serious as your life." The "classical music of the 20th century" and so on. Laughing at or even with it is not really politically correct. Still, laughter helps the audience understand and sympathize with what would otherwise be complex and difficult music.

Theo Loevendie, a saxophonist who was closely connected to the BIM House, is now a well-known and successful classical composer. He is said to have "crossed over." He avoids obvious jazz elements.

Loevendie helps put the BIM in context: "I suppose that in some abstract way jazz sneaks into my work because my experience leads me to a physical, rhythmic approach. My compositions may be complex, that is my nature. But I hope never to lose the direct appeal of jazz. That is my second nature."

attempting to parody. After the intermission, he begetter, Barry Humphries, wisely returned to the monologue that has always been at the heart of his and Dame Edna's brilliance.

But even this seems to have come curiously unstruck, as if Humphries' heart and considerable energy are somehow no longer in tune with Our Lady of the Gladioli, or her determination to humiliate her faithful attendants. It is just possible that the dame has finally strangled her creator's genius.

I trust not; on a good night, nobody plays a crowd better or makes them wish more fervently that they were someplace else. But on the Haymarket first night it was suddenly the dame herself who seemed to wish she had chosen another theater and maybe a more responsive audience. To risk live phone calls from the stage to baby sitters at home is only going to work if you phone the right people, and the final irony of a deeply misguided evening is that in soliciting, for the very first time, the aid of a lyricist and a director other than herself, the dame has also for the first time come up with a show that badly needs both writing and staging.

If you can't get the proper staff, as

Into the Shadows That Lurk Courtside Spike Lee Takes on Basketball

By Mike Wise
New York Times Service

NEW YORK — Ray Allen, a guard for basketball's Milwaukee Bucks, knew of Spike Lee's reputation as a court-side chatterbox. So when the player was approached by the filmmaker during a Bucks-Knicks game a year ago, he was expecting to hear the usual abuse from Lee, a lifelong New York fan dressed in orange and blue.

"I was thinking, here comes Spike again, trying to mess with somebody's mind," Allen said. "I was sure he was going to criticize my game."

To his surprise, Lee didn't want to insult him. He wanted to make him a movie star. Determined to cast real athletes in his first film centered on sports, the director asked Allen to audition, and the baby-faced, 22-year-old guard ended up getting the lead role in "He Got Game," opposite Denzel Washington.

The arrangement meant eight grueling weeks of acting classes for Allen. For Lee, it meant something else: the chance to avoid corny, unrealistic basketball scenes.

"I liked 'Hoosiers' a lot," Lee said recently of the 1987 movie about an underdog Indiana high school team. "I think it was a little over-dramatic with the 'Rocky' stuff as far as basketball went, but it was good. And I have to include 'Hoop Dreams,' too. But 'Blue Chips' 'Ugh.' 'Eddie.' 'Above the Rim.' 'The Sixth Man' — terrible."

"One of the reasons most sports films are so bad," said Lee, "is because it's very hard for an actor to play a believable athlete. Boxing is probably the easiest sport for an actor to do."

In "He Got Game," Allen plays Jesus Shuttlesworth, America's No. 1 high school prospect. Lee, ever the hoops zealot, decided to name his leading character Jesus when he was watching the National Collegiate Athletic Association tournament last year and caught a glimpse of the Providence College player God Shammgod. "I was thinking, that's a great name," Lee said. "You have a great athlete with a mythical name like that, it even heightens the legend."

One week before Jesus has to decide whether to sign a letter of intent to attend a college or to make himself eligible for the National Basketball Association draft, his inner circle dissolves into a bunch of me-first parasites. His girlfriend wants him to meet with an agent. His high school coach wants him to accept an envelope full of \$100 bills from a college suitor. Except for his younger sister, he can't even trust his family.

If the 1994 documentary "Hoop Dreams" illustrated the plight of young, gifted black athletes who have to wrestle with their needs and those of the people around them, "He Got Game" takes the concept even further into a realm of hustlers, hangers-on and uncles who feel they, too, are entitled to a new Lexus.

Lee knew his screenplay had some truth to it when Allen and others in the cast (the film also features the NBA players John Wallace, Walter McCarty, Reggie Miller and Rick Fox) took a break

shared stories about their senior years in high school, when they were prime commodities in the basketball market.

"One of them would say, 'Oh, they gave you that — well I got this,'" Lee recalled. "The family was the worst. The cousins. The second cousins. The aunts, the uncles, the relatives you never thought you had. Every one of these guys has said that was the most disturbing thing."

In one scene, Jesus's uncle grills him about the recruitment process and accuses his nephew of "trying to keep your Aunt Sally and Uncle Bubba out of the deal."

"I thought you said we're family," Jesus says.

"We are family," his uncle says. "Blood. Thick as thieves. But we put out a lot of money taking you and your sister in. All I'm asking is that you let me wet my beak a little bit."

Washington, who plays Jake Shuttlesworth, the father whom Jesus has hardly known, was enlightened when Tracy McGrady, 18, now a pro with the Toronto Raptors, tried out for a part. "I remember him saying, 'I'm already being pulled on back at home. Being from a different era, I didn't realize the pressure these kids are under. If these guys can play, everyone around them feels like they hit the Lotto.'"

THE agent in the film is well-oiled, and the universities are ethically challenged. Actually, no one is spared, least of all the family members who pull and tug on Jesus as if he were a big whistone.

"If you look at 'Do the Right Thing,' across the board, black and white, everyone was scrutinized and criticized in that movie," Lee said, referring to his 1989 film. "Even though it might appear that 'Oh, he's always been sympathetic to the black characters,' if you look at my body of work I've been hard on my people."

Considering that "He Got Game" is Lee's 11th film, it's surprising that this is his first that deals with basketball, a subject he is passionate about. Determined not to employ trappings or trick photography, he tried to be as authentic as possible when filming the basketball scenes.

Just as important as securing a realistic cast was coming up with a story line that would make the movie appeal to viewers who weren't necessarily sports fans.

The director found what he was looking for in the essential conflict between fathers and sons, and, more specifically, the unreasonable pressure a father can exert on a child.

"I thought it was the best script he had written," said Washington, who last collaborated with Lee in "Malcolm X" (1992). The actor agreed to be in "He Got Game," which had a budget of \$25 million, for a much smaller fee than he usually commands.

Lee said: "I hope they'll say this film successfully used basketball as a metaphor for something else greater than that, a film that really scrutinizes a father-son relationship and the father as

Stoppard and Shaffer: A Dream Double Bill

By Sheridan Morley
International Herald Tribune

LONDON — What could be better than a classic farce from the 1960s? Well, try two. In putting Tom Stoppard's "The Real Inspector Hound" together with Peter Shaffer's "Black Comedy," the director Greg Doran and the new Warehouse touring company at the Comedy have simply and satisfactorily solved a problem that has been around since both plays were first seen 30 years ago, namely, what to couple with each of them.

Neither Shaffer nor Stoppard, having created these hourlong masterpieces, ever managed to get the other half of a double bill quite right, lending an awful kind of reality to the pronouncement of Moon and Birdfoot, second-string drama critics caught up in the plot of "Hound": "If it goes on beyond half-past ten it's self-indulgent. Pass it on."

The mechanics of this double satire, in which Stoppard guns not just for reviewers but also for that whole genre of country-house thrillers represented by "The Mousetrap" (and can he have believed that the object of his brilliant at-

still more complex and brilliant backstage "Noises Off." Still there is no doubt that some of Stoppard's best writing can be found in that speech about bands of marauding underdresses, twelfth men, deputies and other social outcasts rising up in great revolutionary groups to overthrow the men they are supposed to be shadowing.

Nichola McAuliffe's definitive Mrs. Drudge, the charlatry employed solely to update us on plot and setting, takes the honors in the first half narrowly from Desmond Barri's massively lugubrious Birdfoot and David Tennant's oddly subdued Moon. But in the second half of this joyous evening Tennant amply redeems himself as the unfortunate Brindley Miller, about to give a party when all the lights blow out in his apartment.

Only then, by the brilliant reversal of Shaffer's "Black Comedy," do we get to see what is going on: an old Chinese opera device allows us to see in the dark but not the characters on stage, so some brilliantly confused exits and entrances are enlivened by Miller's increasingly disastrous attempts to restore stolen furniture to its rightful owner.

Gary Waldhorn and Anna Chancellor. They, like their scripts, are lethally funny, and the only really depressing aspect of a wondrously giggle evening is the realization that in 30 years no British dramatist (always excepting Frayn) has managed to write any better or more expert mechanical comedies. We have allowed the theater of pure hilarity to disappear with Moon and Birdfoot, and the loss is all ours.

Talking of lost laughter, something has gone horribly wrong with "Edna — The Spectacle" at the Haymarket or, to be more precise, just about everything from the choice of theater to that of director and lyricist. The Haymarket, Alan Strachan and Kit Hesketh-Devereaux are all admirable in their various ways, but those ways are not those of Dame Edna, the greatest drag act of my lifetime, now beginning to come apart at her voluminous seams.

In trying, for her first West End season in a decade, to co-opt help from the legitimate theater, Dame Edna has drifted disastrously from her best anarchic and destructive territory, only to end up with a first half of interminable length and desperate inadequacy in which we



THEATRE



A top-rated game show in Hungary, top, and a newscast in Romania.

Western Investors Plug Into East European TV

But Few Media Pioneers Expect Quick Return

By Richard Covington
International Herald Tribune

CANNES — Amid a flurry of lawsuits, allegations of government corruption and program piracy, Eastern and Central Europe are emerging as a both a battleground and promised land for commercial television broadcasters.

Only a handful of Western investors are making a profit, but others are also digging in for the long term, optimistic that advertising revenue and subscription fees will eventually provide a payoff for the billions of dollars being invested in the region's 180 million viewers.

"Asia being in the doldrums makes Eastern and Central Europe look more attractive than ever," said Meredith Amdur, executive vice president of Baskerville Communications Corp., a media consulting firm based in London. "But these territories have a long way to go before the advertising markets are big enough to support local production and buy top Hollywood films and series."

According to Paolo Miscia, an Eastern and Central Europe analyst for AGB Media Services & Mediametrie SA, a media ratings service based in Paris, the region will not start making significant returns on investments for another 10 years.

Central European Media Enterprises Ltd., whose majority shareholder is Ronald Lauder, a former U.S. ambassador to Austria and unsuccessful candidate for mayor of New York City, has been the most active broadcaster in the region, with stations in Poland, the Czech Republic, Hungary, Romania, Slovakia, Slovenia and Ukraine.

After four years of operating in the region, however, only one of the company's stations has managed to turn a profit. Nova TV in the Czech Republic earned \$40 million last year on \$120 million in sales, according to Michel Delloye, president and chief executive officer of Central European

Media. "Things are more complicated in Eastern and Central Europe," Mr. Delloye said. He and others say that the industry has been plagued by influence-peddling and embezzlement.

A rival broadcaster, Scandinavian Broadcasting System, has two channels in the region. Martin Lindskog, the company's president and chief operating officer, predicted that TV2, the Hungarian station that the network launched in October, would become profitable by the end of this year.

Pay-television packages are also coming to the region. Canal Plus SA, the French network, and Wizja TV, a Polish subsidiary of At Entertainment



Inc. of the United States, are planning to launch digital services this autumn.

But many, including Mr. Delloye, say the audiences, subscription and advertising revenue do not yet justify the risk involved in pay TV.

With advertising revenue of \$550 million, Poland is the most lucrative market, followed by Hungary, at \$145 million, and the Czech Republic, at \$125 million, according to industry sources. At the lower end of the advertising spectrum, Lithuania and Ukraine each represent around \$18 million in ad sales.

According to Christian Charret, chief executive officer of the television division of Gaumont SA of France, broadcasters in the region only three years ago routinely signed long-term contracts for series but then failed to pay.

"Now we insist on cash," Mr.

See TV, Page 17

Blair Mediates in EU Banker Spat

But British Efforts Bring No Quick Solution in Paris-Bonn Dispute

By Tom Buerkle
International Herald Tribune

LONDON — Britain stepped up its efforts Tuesday to broker a compromise over the presidency of the future European Central Bank, but aides to Prime Minister Tony Blair said it was unclear if European Union leaders would agree on a candidate at a summit meeting this weekend.

The activity by Britain, which will lead the weekend meeting as the holder of the rotating EU presidency, came amid expressions of growing concern that the French-German standoff over the central bank — and a potential compromise for resolving the dispute — could erode the credibility of the euro, Europe's planned single currency.

Mr. Blair telephoned Chancellor Helmut Kohl of Germany to discuss the bank presidency, as well as other EU matters. Aides to Mr. Blair provided no details of the conversation. But they said there did not appear to have been any movement on the presidency, and they

were equivocal about the prospects of a deal at the Brussels summit meeting.

"It doesn't have to be sorted out this weekend, but that is the desirable outcome," Mr. Blair's spokesman said.

Mr. Kohl and most other EU leaders have publicly endorsed Wim Duisenberg, the former Dutch central banker and current head of the European Monetary Institute, for the job, but President Jacques Chirac has steadfastly supported a French candidate, Jean-Claude Trichet, the governor of the Bank of France.

Mr. Blair spoke with Mr. Chirac and with Prime Minister Wim Kok of the Netherlands late last week, aides said. More phone contacts are likely this week, and Mr. Blair will travel to The Hague for talks with Mr. Kok on Friday.

British officials said Mr. Blair was keeping an open mind about the possibility of splitting the eight-year term, keeping alive speculation that EU leaders will fudge the issue by appointing Mr. Duisenberg with an informal understanding that he will step down and be succeeded by Mr. Trichet after four years.

Mr. Blair's spokesman declined to comment directly on the idea, saying only that "the post has got to carry credibility and the solution will make sure that is the priority."

In Amsterdam, Arnout Wellink, Mr. Duisenberg's successor as head of the central bank of the Netherlands, said the possibility of a split term was an "extraordinary threat" to the independence of the European Central Bank.

"Every function would then be negotiable," he said.

He expressed optimism that Mr. Duisenberg would prevail because "his support in Europe is really very broad."

■ **Bonn to Nominate Inflation Foe**

Germany plans to nominate on Wednesday the chief economist of the Bundesbank, Oskar Lässig, to the European Central Bank's executive board, sending one of the country's toughest inflation fighters to guard the stability of the euro, senior Finance Ministry and government officials said Tuesday. Bloomberg News reported from Bonn.

OECD Halts Investment-Treaty Talks

By Carl Gewirtz
International Herald Tribune

PARIS — Developed countries agreed Tuesday to suspend for six months talks on setting rules for cross-border investment flows, providing time to rally support for the controversial treaty.

The agreement by the Organization for Economic Cooperation and Development keeps open the mandate to work for such an agreement, but it suspends efforts to reach an accord until a new basis for negotiation can be found.

The treaty, which seeks to break down barriers to foreign investors, has been attacked by labor, cultural and environmental organizations in Europe, Canada and Australia on the grounds that it could infringe on national sovereignty.

The likelihood of finding a solution also is nixed in the politics of the United States, which has enacted laws applicable to non-Americans outside U.S. territory, and in the European opposition, led by France, to such extraterritorial laws.

U.S. laws concerning trade and relations with Iran and Libya as well as dealings with Cuba have become a major irritant in trans-Atlantic relations.

Although President Bill Clinton's administration has not sought aggressively to apply the laws, negotiations between U.S. and European officials in Brussels have not succeeded in defusing the issue. Other disagreements are over labor, environmental and cultural issues.

Pierre Moscovici, France's minister for European affairs, said that it was "impossible and incoherent" to pursue talks on framing a multilateral agreement on investment aimed, among other things, at protecting investors from arbitrary government action "while the United States acts unilaterally on extraterritoriality."

The six-month pause in the talks will allow time to "seek solutions," he said.

The U.S. trade representative, Charlene Barshefsky, said the pause was aimed at providing "a period of study and reflection" to try to come up with

"constructive solutions that would open the way to move forward."

Negotiators will meet again in October to decide whether to continue formal talks, with informal discussions taking place in the interim.

The two-day OECD meeting here also gave the go-ahead to a frontal assault on tax havens and tax practices that are deemed harmful to other states.

The meeting authorized the creation of a committee within the OECD whose first task will be to draw up and publish a list of tax havens. The list is meant as a guideline for member nations to use in reviewing, and possibly canceling, bilateral tax treaties with such countries.

Both Luxembourg and Switzerland expressed sharp reservations about the report and declared they would not be bound by its recommendations. But neither vetoed the report. Under the OECD's policy of agreement by consensus, a veto could have killed further action. An OECD official said he thought it unlikely that either Luxembourg or Switzerland would be found to be tax havens under the OECD definition.

Rate Jitters: If Fed Leaked, Then Why?

By Richard W. Stevenson
New York Times Service

WASHINGTON — Decisions made during the Federal Reserve Board's policy-making sessions eight times a year are usually among the few true secrets in Washington, impervious to leak or spin.

That made it all the more extraordinary for investors, economists, government officials and journalists to read in The Wall Street Journal on Monday that the Fed had made what could prove to be a critical judgment at its last meeting on March 31: to lean toward raising interest rates. The decision, known in the jargon of the trade as adopting a tightening bias, would normally not have been publicly disclosed until May 21, two days after the next policy meeting.

The Fed releases minutes of each meeting two days after the subsequent meeting, a practice adopted several years

ago as a compromise between members of Congress who demanded that the Fed open its deliberations to the public and Fed officials who felt that sensitive judgments about markets and the economy could be made only in private.

The consensus among most Fed watchers Monday was that senior officials of the Federal Reserve Board — possibly Alan Greenspan, the chairman — had decided to signal to the markets that a rate increase might be in the cards and had leaked the information. But trying to divine what happened proved to be as difficult as parsing one of Mr. Greenspan's elliptical statements.

Fed officials declined Monday to comment about the Journal article or to indicate in any way whether it was correct. The Journal gave no source for its information, yet stated the policy change as fact, with no qualifiers, suggesting its own confidence in what was bound to be market-moving information.

Mr. Greenspan has been consistent over the years in warning the markets when a change in rate policy was in the cards, although the warning has sometimes proven clear only in retrospect.

The Fed chairman, however, typically sends such signals during speeches or in testimony to congressional committees. Although he speaks regularly with journalists, he does so only off the record.

In comments over the past several weeks, a number of Fed governors and Federal Reserve Bank presidents have said they were concerned that the Asian financial crisis was not slowing the economy as much as expected, implying that the central bank might have to raise rates to slow growth somewhat.

One theory popular among Fed watchers was that officials at the central bank were frustrated that the markets were not getting the message that rates might have to rise and so resorted to an attention-grabbing leak to get the message across.

CURRENCY & INTEREST RATES

Cross Rates									
	£	DM	FF	Yen	DM	FF	Yen	DM	FF
Amsterdam	2.075	1.232	1.034	1.638	1.034	1.638	1.034	1.638	1.034
Berlin	2.075	1.232	1.034	1.638	1.034	1.638	1.034	1.638	1.034
Frankfurt	1.682	1.034	0.850	1.232	0.850	1.232	0.850	1.232	0.850
London (n)	1.682	1.034	0.850	1.232	0.850	1.232	0.850	1.232	0.850
Madrid	162.31	24.78	10.36	162.31	24.78	10.36	162.31	24.78	10.36
Paris	162.31	24.78	10.36	162.31	24.78	10.36	162.31	24.78	10.36
Porto	162.31	24.78	10.36	162.31	24.78	10.36	162.31	24.78	10.36
Tokyo	162.31	24.78	10.36	162.31	24.78	10.36	162.31	24.78	10.36
Yokohama	162.31	24.78	10.36	162.31	24.78	10.36	162.31	24.78	10.36
Zurich	162.31	24.78	10.36	162.31	24.78	10.36	162.31	24.78	10.36
1 USD	1.034	1.638	1.034	1.638	1.034	1.638	1.034	1.638	1.034

Libid-Libor Rates									
	1-month	3-month	6-month	9-month	12-month	1-month	3-month	6-month	9-month
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
9-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
12-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Key Money Rates									
	1-month	3-month	6-month	9-month	12-month	1-month	3-month	6-month	9-month
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
9-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
12-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Other Dollar Values									
	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$
Argentine peso	0.0099	0.0099	0.0099	0.0099	0.0099	0.0099	0.0099	0.0099	0.0099
Australian \$	1.5526	1.5526	1.5526	1.5526	1.5526	1.5526	1.5526	1.5526	1.5526
Canadian \$	1.2412	1.2412	1.2412	1.2412	1.2412	1.2412	1.2412	1.2412	1.2412
Chinese yuan	8.2766	8.2766	8.2766	8.2766	8.2766	8.2766	8.2766	8.2766	8.2766
French franc	6.5595	6.5595	6.5595	6.5595	6.5595	6.5595	6.5595	6.5595	6.5595
German mark	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360
Japanese yen	161.00	161.00	161.00	161.00	161.00	161.00	161.00	161.00	161.00
Italian lira	2.0360	2.0360	2.0360	2.0360	2.0360	2.0360	2.0360	2.0360	2.0360
Spanish peseta	166.64	166.64	166.64	166.64	166.64	166.64	166.64	166.64	166.64
Swiss franc	1.4536	1.4536	1.4536	1.4536	1.4536	1.4536	1.4536	1.4536	1.4536
UK pound	0.6933	0.6933	0.6933	0.6933	0.6933	0.6933	0.6933	0.6933	0.6933

REPUBLIC NEW YORK CORPORATION				
SAFRA REPUBLIC HOLDINGS S.A.				
Consolidated Statements of Condition and Summaries of Results				
These statements and summaries represent the consolidated accounts of Republic New York Corporation and its wholly owned subsidiaries and of Safra Republic Holdings S.A. and its wholly owned subsidiaries. Republic New York Corporation owns 49% of Safra Republic Holdings S.A., which is accounted for by the equity method.				
	REPUBLIC NEW YORK CORPORATION		SAFRA REPUBLIC HOLDINGS S.A.	
	March 31,		March 31,	
	1998	1997	1998	1997
(in thousands of US\$ except per share data)				
Assets				
Cash and due from banks	\$ 809,452	\$ 687,383	\$ 70,213	\$ 77,119
Interest-bearing deposits with banks	4,310,782	4,917,490	7,175,061	6,508,929
Precious metals	1,080,833	1,268,801	—	—
Investment securities	24,816,014	22,799,972	9,831,368	8,583,646
Trading account assets	4,368,211	5,572,868	300,255	245,338
Federal funds sold and securities purchased under resale agreements	1,385,419	1,420,216	—	—
Loans, net of unearned income	13,204,150	12,286,082	2,431,586	2,002,457
Allowance for possible credit losses	(326,811)	(352,667)	(133,671)	(131,436)
Other assets	5,123,884	6,368,728	893,660	711,379
Total assets	\$ 54,771,934	\$ 54,968,873	\$ 20,568,472	\$ 17,997,432
Liabilities				
Total deposits	\$ 33,496,367	\$ 31,918,795	\$ 14,991,762	\$ 14,013,184
Trading account liabilities	4,325,679	4,975,494	265,462	187,375
Short-term borrowings	5,555,349	5,896,133	1,845,550	1,519,697
Other liabilities	3,172,882	4,795,581	635,301	416,747
Long-term debt	1,688,158	1,437,973	738,979	155,000
Subordinated long-term debt and perpetual capital notes	2,650,000	2,400,000	250,000	—
Mandatorily redeemable preferred securities	350,000	350,000	—	—
Shareholders' Equity				
Cumulative preferred stock	500,000	400,000	—	—
Common stock and surplus, net of treasury shares	663,951	734,694	886,443	891,129
Retained earnings	2,342,992	2,013,501	907,723	716,053
Accumulated other comprehensive income, net of taxes	26,556	46,702	47,252	98,247
Total shareholders' equity	\$ 3,533,499	\$ 3,194,897	\$ 1,841,418	\$ 1,705,429
Total liabilities and shareholders' equity	\$ 54,771,934	\$ 54,968,873	\$ 20,568,472	\$ 17,997,432
Book value per share	\$ 56.15	\$ 51.32	\$ 52.20	\$ 48.33
Client portfolio assets held in custody			\$ 17,801,520	\$ 13,995,184
Net income, for the three months ended	\$ 117,474	\$ 110,244	\$ 73,247	\$ 57,198
Net income per common share - diluted	\$ 2.07	\$ 1.91	\$ 2.06	\$ 1.61
Average common shares outstanding - diluted	53,368	54,050	35,570	35,538
Risk-Based Capital Ratios				
As of March 31, 1998, Republic New York Corporation's risk-based core capital ratio was 12.70% (estimated) and total qualifying capital ratio was 21.15% (estimated). The ratios include the assets, risk-weighted in accordance with the requirements of the Federal Reserve Board specifically applied to Republic New York Corporation on a fully consolidated basis, and capital of Safra Republic Holdings S.A. Total consolidated assets under these requirements exceeded US\$ 70 billion and total consolidated capital, including minority interest and subordinated debt, exceeded US\$ 7.5 billion.				
Republic New York Corporation Fifth Avenue at 40th Street New York, New York 10018 Safra Republic Holdings S.A. 12, Boulevard Royal L-1349 Luxembourg				
Banking Locations New York • Geneva • London • Beijing • Beirut • Beverly Hills • Buenos Aires • Cayman Islands • Copenhagen • Encino • Gibraltar • Guernsey Hong Kong • Jakarta • Los Angeles • Lugano • Luxembourg • Manila • Mexico City • Miami • Milan • Monte Carlo • Montevideo • Montreal Moscow • Nassau • Paris • Punta del Este • Rio de Janeiro • Santiago • Sao Paulo • Singapore • Sydney • Taipei • Tokyo • Toronto • Zurich				

EUROPE

Telekom's Net Is Robust Despite New Rivals

BONN — Deutsche Telekom said Tuesday its first-quarter profit rose 18 percent from a year earlier as the former telephone monopoly showed little loss of market share to its new competitors.

According to preliminary data, net profit rose to 1 billion Deutsche marks (\$559.4 million) in the first period from 850 million DM in the 1997 quarter. Sales rose to 17.3 billion DM from 16.3 billion DM.

The results were the first since the company saw competition enter the market Jan. 1, when the German telecommunications market was liberalized under European Union regulations. Deutsche Telekom, which offers fixed network, mobile-phone, and on-line services, is 74 percent government-owned.

Deutsche Telekom's shares rose 1.05 DM on the Frankfurt stock ex-

change to close at 43.

But Ron Sommer, Telekom's chairman, urged caution in interpreting the data.

"Taking into consideration the permanently changing competitive environment, no firm conclusions regarding the entire year may be drawn just from the initial provisional figures for the first quarter," he said.

Although Telekom lost its monopoly over voice phone service in January, analysts said competition's effect on this quarter would be minimal because many rivals, such as O.Tel, did not begin service until March, and an across-the-board cut in prices did not go into effect until March 1.

"Telekom is on the right path in trimming its personnel costs and reducing its financial liabilities," said Thomas Schiesle, an analyst at

Bankhaus Delbrueck & Co., who said he planned to leave the shares rated as a "hold."

"Earnings should rise 15 percent this year," he said. "But Telekom faces problems on the sales side as competitors enter the market."

The 1997 figures were marked by an unexpected write-off on Asian assets as a result of the financial crisis in the region.

Telekom officials said losses and charges due to the Asia crisis totaled about 900 million DM and that an additional, unspecified charge was taken in the first quarter.

Joachim Kroschke, the company's chief financial officer, said that 300 million DM had been added to its Asia risk provisions. Telekom also announced revised 1997 group sales of 67.6 billion DM, compared with 67.1 billion DM in 1996.

As announced last summer, the

company said it would propose a doubling of its dividend to 1.20 DM a share.

Sabine Schauer, telecommunications analyst at Commerzbank AG, said sales and earnings were slightly higher than she had expected.

"Assuming that the German telecommunications market grows 7 percent annually, the 6.1 percent rise in Telekom's sales meant the company has lost about one percentage point of sales to its new rivals in the deregulated market," she said.

Telekom said its total debt, a major concern of financial markets ahead of the company's huge stock listing, fell to 85 billion DM at the end of March from 86.4 billion DM at the end of last year, excluding its stake in Matav Rt. Hungary's national phone company.

(AP, Bloomberg, Reuters)

Israel to Drop Restrictions On Currency

JERUSALEM — The government said Tuesday that Israel would end all restrictions on citizens holding and dealing in foreign currency next week but was delaying easing some rules on institutional investors and foreigners.

The package of measures was unveiled to coincide with the country's 50th anniversary.

The governor of the Bank of Israel, Jacob Frenkel, said the measures would advance Israel's integration into the world economy.

"The decision today," he said, "is a dramatic decision in the sense that it changes the basic conception underlying the regime of our foreign-exchange controls."

The measures will enable Israelis for the first time to invest in property abroad, open foreign bank accounts and hold foreign currency in cash. They will also be able to deal directly with foreign financial institutions rather than through Israeli intermediaries.

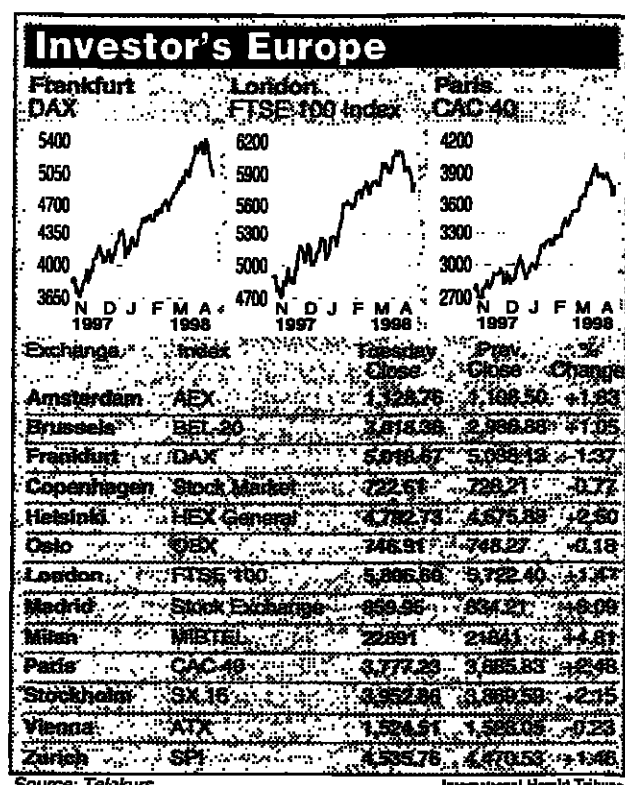
Israelis will also be allowed to trade in shekel options and futures for unlimited terms, eliminating the present 30-day ceiling. Mr. Frenkel said the date for this measure to go into effect would be announced shortly.

Although wide-ranging, the measures stopped short of being the comprehensive package the government had been promising for nearly a year, analysts said.

The government trimmed back its plans amid fears that full convertibility of the shekel would leave Israel's currency vulnerable to speculative attack.

"It was really a shame and will probably hurt the credibility of the government," said Jonathan Katz, chief economist at Solid Capital Markets. "I think they panicked."

(Reuters, AFP)



Very briefly:

- Allianz AG raised 1.3 billion Deutsche marks (\$727.2 million) selling new shares to institutional investors to help finance its takeover of the French insurer Assurances Generales de France SA. The shares sold out in the first 15 minutes they were available, with about 40 percent going to non-German investors. Allianz sold new shares for 546 DM, a 4.5 percent discount from the stock's closing price Monday. Allianz fell 15.5 on Tuesday to close at 556.50.
- Britain's global trade deficit widened sharply in February to £2 billion (\$3.35 billion) from a revised £1.13 billion in January, reinforcing expectations for the pound to come under pressure in coming months.
- Tajikistan was invited to join a customs union by the end of this year that had been set up among four ex-Soviet states — Russia, Belarus, Kazakhstan and Kyrgyzstan — to break down barriers to their struggling economies. The proposed inclusion of Tajikistan, still a volatile place after a four-year civil war, sparked fears of a possible increase in drug traffic from neighboring Afghanistan to Europe.
- Sears PLC posted a net loss of £110.9 million for the year that ended Jan. 31, largely because of reorganization charges, and said it would spin off the London department store Selfridges in July.
- Banco Santander SA, Spain's largest bank in terms of assets, said first-quarter income climbed 31 percent to 32.49 billion pesetas (\$213.2 million), on surging income from Latin American lending and a jump in commissions.
- Vickers PLC, which is selling its Rolls-Royce Motor Cars Ltd. unit, named Paul Buysse as chief executive, succeeding Colin Chandler, who became Vickers's chairman last year.
- Campbell Soup Co. of the United States said it was negotiating to sell its Delacorte unit to United Biscuits Holdings PLC of Britain. Delacorte produces and sells biscuits in France, Belgium, the Netherlands and Germany.

Bloomberg, Reuters, AFP

In France, Spending Is On the Rise

PARIS — French consumers spent more on expensive items such as cars, appliances and homes, last month, data released Tuesday showed, fueling optimism for the economy's expansion.

Home construction rose 19.4 percent in March from February, while spending on cars rose 4.1 percent and outlays for household items rose 1.7 percent, separate reports showed.

Economists said falling unemployment and low interest rates would help bolster household spending this year after its 0.9 percent gain in 1997. That should join with higher corporate investment to produce an expansion of gross domestic product of 3.0 percent, up from 2.3 percent in 1997, they said.

"It's a good time for people to buy," said Yves Bousard, chairman of the Federation Nationale des Agences Immobilières, the French real-estate agent trade group.

"Mortgages are as cheap as they have ever been, prices are reasonable, and there's no overheating in the market."

The jobless rate dropped to 12.1 percent in February from a record 12.6 percent in June, making people more confident about job security



BANKING ON BEING HEARD — Credit Lyonnais workers protesting Tuesday at European Union headquarters in Brussels against demands that the French state-owned bank be privatized. Chairman Jean Peyrelevade has said the dispute with EU regulators over terms for further state aid has cost the bank as much as 1 billion francs (\$166 million) in lost deposits.

and more apt to spend.

The government has said consumers will have 2.5 percent more money available because of a change in taxation that reduces the advantages of savings. The savings rate fell to 14.6 percent of disposable income at the end of 1997 from 15.1 percent in the third quarter of the year.

(Bloomberg, Reuters)

Telecom Loses Internet Case

France Telecom SA's challenge to the rates that cable-television operators will pay to offer the Internet over its network was rejected by a Paris court, paving the way for rivals to offer Internet services over cable TV. Bloomberg News reported.

The telephone regulator set the

rates in July after Suez Lyonnais des Eaux SA and Compagnie Generale des Eaux SA said France Telecom wanted to charge 15 to 40 times more than they had expected for the use of its network.

France Telecom owns about 75 percent of the country's cable TV network, part of which it rents to other cable TV operators.

Israel-U.S. Customs Talks

The United States and Israel are discussing an exemption from U.S. customs fees for Israeli imports, the office of the U.S. trade representative told the International Herald Tribune.

Israel's Ministry of Industry and Trade said that the fee, which the United States imposes on imports from all countries except Mexico and Canada, amounts to more than 5 percent of the value of the imports.

WORLD STOCK MARKETS

Tuesday, April 28

Prices in local currencies.

Tel Aviv

Amsterdam

Brussels

Copenhagen

Frankfurt

Helsinki

Hong Kong

Johannesburg

London

Madrid

Manila

Mexico

Milan

Montreal

Moscow

New York

Oslo

Paris

Rangoon

Sao Paulo

Seoul

Singapore

Stockholm

Sydney

Taipei

Tel Aviv

Tokyo

Toronto

Vienna

Wellington

Zurich

High Low Close Prev.

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Copenhagen

Frankfurt

Helsinki

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Rangoon

Sao Paulo

Seoul

Singapore

Stockholm

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Taipei

Tel Aviv

Tokyo

Toronto

Vienna

Wellington

Zurich

The Trib Index

Jan. 1, 1992 = 100

Prices as of 3:00 PM, New York time.

World Index

Regional Indices

Capital goods

Consumer goods

Energy

Finance

Miscellaneous

Raw materials

Services

Utilities

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92021 Neuilly Cedex, France. Compiled by Bloomberg News.

High Low Close Prev.

Tel Aviv

Amsterdam

Brussels

Copenhagen

Frankfurt

Helsinki

Hong Kong

Johannesburg

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Taipei

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Vienna

Wellington

Zurich

Indian Leader To Revamp Eco

The Associated Press.

To Revamp Ec

NEW DELHI

The Ministry of Agriculture has announced a new project to revamp the country's agricultural extension system. The project, which is being implemented in a phased manner, aims to improve the delivery of agricultural services to farmers and to enhance the productivity of the agricultural sector.

The project is being implemented in a phased manner, with the first phase focusing on the establishment of a network of extension centers across the country. The second phase will involve the recruitment and training of extension workers, and the third phase will focus on the provision of extension services to farmers.

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ANPA: Unemployment R

Continued from Page 1

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TV: i

Continued from Page 1

The TV industry has announced a new project to revamp the country's television broadcasting system. The project, which is being implemented in a phased manner, aims to improve the delivery of television services to viewers and to enhance the quality of the television industry.

The project is being implemented in a phased manner, with the first phase focusing on the establishment of a network of television stations across the country. The second phase will involve the recruitment and training of television workers, and the third phase will focus on the provision of television services to viewers.

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PRO: Currency May Thre

Continued from Page 1

The PRO has announced a new project to revamp the country's currency system. The project, which is being implemented in a phased manner, aims to improve the delivery of currency services to the public and to enhance the stability of the currency.

The project is being implemented in a phased manner, with the first phase focusing on the establishment of a network of currency exchange centers across the country. The second phase will involve the recruitment and training of currency workers, and the third phase will focus on the provision of currency services to the public.

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Continued on Page 19

ASIA/PACIFIC

Indian Leader Vows To Revamp Economy

NEW DELHI — Prime Minister Atal Bihari Vajpayee promised Tuesday to reduce bureaucracy, find new sources of funding for infrastructure projects and take other steps over the next three months to overhaul an economy hobbled by political uncertainty.

Economic reforms launched in the early 1990s foundered after elections in 1996 left no single party in control. Mr. Vajpayee's current coalition is, by early indications, likely to be as unwieldy as the multiparty government that collapsed last November, forcing elections two years ahead of schedule.

In a speech Tuesday to the Confederation of Indian Industry, Mr. Vajpayee pledged that political uncertainty would not prevent good governance.

"I assure you that in spite of some teething problems, the people's desire to see a stable, strong and action-oriented government in New Delhi will be fulfilled," he said.

Delegates to the annual meeting, who included directors of some of India's largest companies, gave Mr. Vajpayee a standing ovation.

Subodh Bhargava, chairman of Eicher Group, one of India's largest tractor manufacturers, was quoted

by the United News of India as saying Mr. Vajpayee was "willing to address the issues and not skirt them, and that is the attitude which industry seeks."

The month-old government's priorities include setting up a panel to simplify or scrap current laws governing trade and industry. In one proposed reform, Mr. Vajpayee said a panel that screened foreign-investment proposals should have to decide on each application within 60 days.

In his first major economic speech since the Bharatiya Janata Party formed a fragile coalition government six weeks ago after inconclusive general elections, Mr. Vajpayee said his administration's economic growth target of 7 percent to 8 percent a year was moderate.

Growth in India's gross domestic product fell to 5 percent in the year that ended March 31 from 7.5 percent the previous year.

Mr. Vajpayee, whose government is set to unveil its monetary policy Wednesday and a federal budget in late May, said he planned to stimulate growth through public spending on infrastructure and agriculture.

He said the government was aiming for 5 percent annual growth in farm output to make India free of hunger by 2010.

(AP, Reuters)



DISGRUNTLED INVESTOR — Policemen in Hong Kong detaining an investor in a failed finance company after he and other protesters blocked traffic Tuesday to press their demand that the stock exchange help them recover their losses.

China Telecom Acquires Jiangsu Mobile

HONG KONG — China Telecom said Tuesday that it had bought the Chinese mobile-phone operator Jiangsu Mobile for 22.4 billion Hong Kong dollars (\$2.89 billion).

As part of the deal, China Telecom said, it agreed to take on 251.5 billion yuan (\$30.38 billion) of Jiangsu's debt.

The acquisition price is equal to around 19 times Jiangsu Mobile's

projected 1998 earnings of 1.25 billion yuan.

Jiangsu Mobile currently has 1.04 million subscribers with 50,000 new customers a month recently. It has virtually no competition in Jiangsu, one of China's most economically developed provinces.

After the acquisition, China Telecom will have nearly 4.8 million subscribers in China and a market share of 31 percent.

Joblessness In Indonesia Is Put at 10%

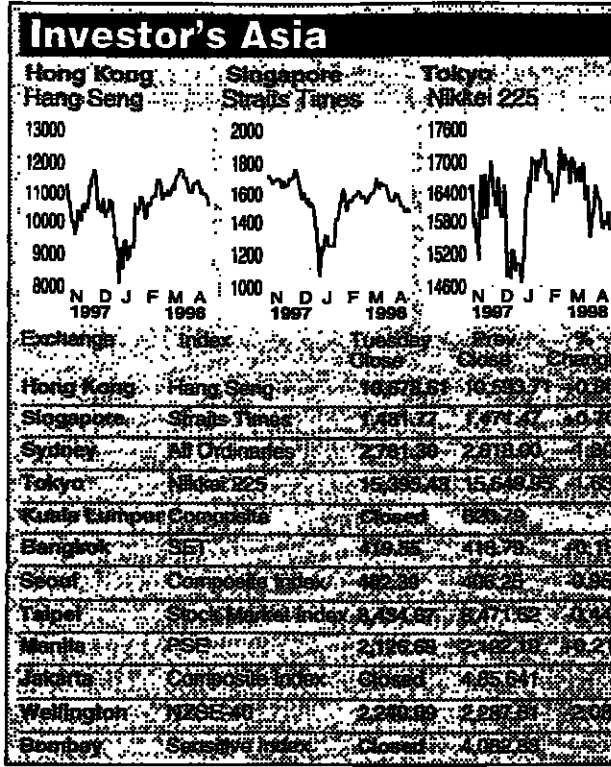
HANOI — Unemployment in Indonesia stands at around 9 million people, and the government estimates it will rise to 13 million by the end of the year, the country's assistant minister of manpower, Payaman Simanjuntak, said Tuesday.

But Mr. Simanjuntak said a report published Monday in the Indonesian newspaper *Republika* had overstated the number of unemployed. The newspaper said the number of jobless rose to 13.5 million in April from 8.8 million in March amid the country's worst economic crisis in decades.

Mr. Simanjuntak put the current number of jobless at 9 million, or 10 percent of the work force.

Mr. Simanjuntak was speaking after talks in Vietnam among senior labor officials of the Association of South East Asian Nations. Labor ministers from ASEAN governments will begin a two-day meeting here Wednesday.

Analysts have said the Indonesian government's unemployment figures understate the extent of the problem, as only companies that lay off more than nine workers in a day have to report the figures. Some also say the rate of underemployment in Indonesia could be nearly 50 percent.



Very briefly:

• Malaysia must keep interest rates high to support its currency and end state-backed bailouts of the country's indebted companies, the International Monetary Fund warned in its annual review of the Malaysian economy.

• Sakura Bank Ltd. plans to invest 2.82 billion baht (\$72.6 million) in Bangkok Bank PCL, which will leave the Japanese bank holding just under 2 percent of the largest Thai commercial bank.

• Sumitomo Bank Ltd. and three other Japanese lenders became the latest to announce large paper losses on stockholdings, availing themselves of a new Ministry of Finance rule on valuing shares. Sumitomo wrote off 243.7 billion yen (\$1.86 billion) for the year ended March 31, Sakura Bank Ltd. wrote off 283.2 billion yen, Long-Term Credit Bank Ltd., 286.4 billion yen, and Toyo Trust & Banking Co., 78.6 billion yen.

• Standard & Poor's Corp. lowered its long-term credit ratings on Japan Air Lines Co., All Nippon Airways Co. and Japan Air System Co., saying the airlines had done little to respond to rising competition.

• Nissan Motor Co. will stop making cars at its New Zealand unit this year, following the decision by Wellington to remove tariffs on imported vehicles in December 2000.

• Kirin Brewery Co. of Japan has narrowed the offer under which it is seeking to buy 5 percent of the New Zealand brewer Lion Nathan Ltd. from smaller shareholders to those investors holding no more than 9,500 shares, down from the previous maximum of 10,000.

• San Miguel Corp.'s net profit for the quarter that ended in March fell 91 percent, to 103 million pesos (\$2.6 million), from the like quarter in 1997. The company cited higher financing charges and the Asian economic crisis. Sales rose 21 percent, to 18.7 billion pesos, but only 9 percent in volume terms.

• Oil Search Ltd., a Papua New Guinea-based oil and natural gas producer, is buying BP Exploration's upstream energy assets for the island for \$400 million.

• Pohang Iron & Steel Co. plans to sell as much as \$100 million of new shares in the form of depositary receipts next week to increase its working capital.

JAPAN: Unemployment Rate in March Rose to a Record Level

Continued from Page 1

elections are scheduled for July.

The unemployment figures added to the gloom overhauling the Tokyo Stock Exchange. The Nikkei stock index lost 254.52 points, or 1.63 percent, to close at 15,395.43, its lowest level since Jan. 14. Rumors that a major construction company was about to go bankrupt also weighed on the stock market.

Economists say that Mr. Hashimoto's stimulus package, which will begin injecting billions of dollars of public works into the economy in July, should help stem the economic slide later this year. But the impact on unemployment may not be felt for another three to six months after that, Mr. Jones said.

Japan is not accustomed to such levels of unemployment. Its economic system — where banks are expected to provide financial lifelines to their major customers, who in turn are expected to support smaller firms — is designed to protect jobs.

But Japan's shaky banks, straining under the weight of bad loans, and large

companies with dwindling profits can no longer afford to operate the old way, say economists.

The employment report showed that the number of fired workers rose 34.5 percent in March, the sixth straight increase. Those voluntarily leaving their jobs rose 16.5 percent.

Labor unions joined the chorus of foreign officials and Japanese executives voicing concern about the economy and calling for swift government actions.

Economists warned that Japan's woes were bad news for the rest of Asia, whose economies are worsening despite a stabilization in their currencies. Most of the stock markets, including those in South Korea, Thailand, Indonesia, Malaysia and Singapore peaked in February or early March and have been on a downward trend since then, said Tim Condon, a Hong Kong-based economist with Morgan Stanley.

Small Firms Sour on Prospects

Japan's small and medium-sized companies were their most pessimistic

over in April about their business prospects, an industry survey showed, Bloomberg News reported.

The economic sentiment index for smaller companies, which employ 70 percent of Japan's total work force, remained below the boom-bust line of 50 for the 25th straight month, Shoko Chukin Bank Ltd. said. The index fell to 37.3 in April, down 1.1 point from March.

Confidence hit all-time lows at both manufacturers and service companies this month, before the government assembled its stimulus plan. Economists say production and spending will not recover until next year.

"The economy could slide further with deteriorating production, consumer confidence and employment figures," said Kazuhiko Ogata, an economist at Jardine Fleming Securities.

Sentiment at companies was worse than forecast, the 10th straight month that the results were worse than expected. Companies expect a slight improvement in May, with the index rising to 39.5.

Turbulence Seen at Brierley As Chairman and CEO Quit

Continued from Page 1

WELLINGTON — Brierley Investments Ltd. said Tuesday that Bob Matthews, its chairman, and Paul Collins, its chief executive, had stepped down as part of a review aimed at improving shareholder value.

Analysts said the sudden departures were likely to herald big changes or possibly a break-up of the New Zealand investment firm.

Brierley Investments has controlling stakes in such listed companies as Air New Zealand, the Australian publisher John Fairfax Ltd. and Thistle Hotels PLC of Britain.

Sir Roger Douglas, a former finance minister of New Zealand, has taken over as chairman and will

act in an executive role until a new chief executive is found in a search that is already under way, the company added.

Analysts, who had been speculating about the prospect of a drastic move, said they thought the company's two top men had been pressed to step down because of the lackluster recent performance of the company's shares.

The stock fell 3 cents to close at 1.01 New Zealand dollars (\$6 U.S. cents).

"They had a three-year target against which the company was being measured, and I guess they were perceived as falling short of that," said one analyst.

"There was pressure for change, quite clearly."

Struggle Over Docks Goes On in Australia

Bloomberg News

CANBERRA — The struggle over who controls Australia's docks will continue after an order that 1,500 dismissed waterfront workers be given their jobs back was again put on hold by the High Court on Tuesday.

A hearing will resume Thursday with final arguments on whether Lang Corp.'s Patrick Stevedores unit should be allowed to appeal a lower-court ruling forcing it to reinstate the workers.

The High Court of Australia's most senior judges spent two days hearing the case and continued a freeze on the back-to-work order until at least Thursday.

Patrick fired its unionized work force three weeks ago, saying negotiations with the Maritime Union of Australia over several years had failed to achieve the productivity improvements and cost cuts it needed to be financially viable.

TV: Media Pioneers Brave Eastern Europe

Continued from Page 13

Charret said at MIP-TV, an international television market held here recently.

Still, program prices remain low by Western standards. A single hourlong episode of a popular series that commands as much as \$80,000 in France sells for \$5,000 in Poland, Mr. Charret said.

The wide-open East and Central European television landscape has so far attracted lawsuits and fines the way the American Wild West once drew gunslings.

In a serious blow to its aspirations in Hungary, a promising market, Central European Media lost a lawsuit contesting a station license awarded last summer to Scandinavian Broadcasting System.

Central European Media earlier lost a suit challenging Scandinavian Broadcasting's ownership of a station in Slovenia.

Canal Plus is suing HBO, the pay-movie network owned by Time Warner Inc., for allegedly broadcasting programs into Poland from Hungary with-

out regulatory permission.

In Hungary, a consortium grouping CLT-Ufa, Pearson PLC and the local telecommunications provider Matav won a second Hungarian commercial television license last year but was recently fined \$770,000 by the same media regulatory agency that had awarded the license, for failing to fulfill programming requirements.

So far, the secret of success for the fledgling commercial ventures in Eastern and Central Europe has hardly been innovative programming. The top-rated show on TV2 in Hungary is a local version of the American game show "Wheel of Fortune."

In the Czech Republic, Nova TV scores high ratings with a lurid interview program that allows audiences to conduct on-air interrogations, calling in questions to convicted murderers and rapists hidden inside a booth. At the end of these televised confessions, the subjects are asked whether they would like to emerge and reveal their identities, said Petr Sladeczek, Central European Media's program manager.

EURO: Currency May Threaten Dollar's International Dominance

Continued from Page 1

the euro will displace the dollar any time soon as the standard against which other currencies are measured.

But many economists and some American and European officials said the euro, if properly managed, would quickly establish itself as the undisputed No. 2 world currency.

Given that the combined economies of Europe already rival the U.S. economy in size, economists say there is no intrinsic reason why the euro could not one day achieve parity in global status with the dollar.

"We will move from a purely dollar-centered world to a bipolar monetary world," said C. Fred Bergsten, director of the Institute for International Economics in Washington.

"The euro will move up alongside the dollar as the second key currency and will attain market share pretty close to the dollar within three to five years," he said.

The dollar has far greater weight in global finance than is indicated simply by the size of the American economy. The United States accounted for 26.7 percent of world output in 1995 and 18.3 percent of world trade, roughly equivalent on both counts to the combined 15 national economies in the European Union.

But the dollar accounted for 61.5 percent of the foreign-

currency holdings of central banks and governments in 1995, the most recent year for which figures are available, according to the International Monetary Fund. The mark accounted for 14.2 percent and the yen, 7.4 percent.

In foreign-exchange markets, the dollar was the currency being bought or sold in 83 percent of transactions in 1995, compared with 37 percent for the mark and 24 percent for the yen, according to the European Union.

European officials, even as they defend their nascent currency's credibility and potential strength, have been careful not to ruffle American feathers. "I do not expect

brutal changes overnight," said Yves-Thibault de Silgny, the EU official in charge of the single-currency project.

Hugo Paemen, the Union's representative in the United States, said it would be naive to think that a successful euro would not have implications for the balance of global financial power. "If you create a single European currency for 300 million people, it is going to be a very important force in the international financial sector," he said.

The Clinton administration has played down concern about the effect of the euro on the dollar and U.S. interests generally.

"If the euro works for Europeans, it will work for us," said Lawrence Sum-

mers, the deputy secretary of the Treasury. "It will mean a larger, more rapidly growing market for our products and a stronger partner for the U.S. around the world."

But since the benefits of the dollar's leadership have been considerable, the United States has much at stake as the

euro takes its place in the world financial system. The dollar has long been a safe haven for world investors, enabling America to attract vast amounts of foreign capital and to finance borrowing needs at lower interest rates than purely domestic demand for dollar assets would have allowed.

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April 1998

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Israel

At 50, Nation Looks Confidently, Yet Warily, to Its Future Beyond the Struggle With Its Arab Neighbors, Israel Is Torn by Wrenching Series of Conflicts at Home

By Glenn Frankel

FIFTY is the age of maturity, a time when nations, like people, expect to have a firm grip on their identity and feel comfortable within their own skin. But Israel turns 50 years old next month ensnared in a web of contradiction. It has never been more prosperous and more secure, yet at the same time more divided and uncertain about its fate.

The problem goes beyond the relentless push and pull of Israel's struggle with its Arab neighbors. That conflict still haunts — as the renewed threat of Iraqi Scud missiles made agonizingly clear recently — although its central hold on Israel's character and imagination has begun to wane. But it has been joined by deeper and even more wrenching conflicts between Jews and other Jews — between hard-liners and doves, secular and religious, modernists and traditionalists, new immigrants and old-timers, and American Jews and their Israeli brethren.

For years these disputes were papered over because of the overriding importance of the Arab-Israeli conflict. Now they have surfaced with a vengeance and vehemence that has surprised and frightened many Israelis and raised questions about what, if anything, they really have in common.

Looking back from the perspective of 50 years, we can see it was a delusion to believe that Israel had finished going through its formative stages," says the political scientist Yaron Ezrahi of Hebrew University and the Israeli Democracy Institute. "Its future is wide open, its borders are still unfixed, the direction of its leadership is still not clear and the conflict between left and right is like a seesaw."

Israelis do not agree on the size or nature of their state or on what to do about the Palestinians who live within its present borders or their Jewish brethren who live without. They cannot even agree on who is entitled to be called a Jew. And the argument still lingers over the very purpose of having a state: Is it a vehicle for Jews to enter the community of nations as a normal people with allies, economic ties and diplomatic relations? Or is it a fortress with high walls and bristling armaments designed to protect Jews by sealing them off from a hostile world?

In a sense, Israel has become a victim of its own success. The country has enjoyed a remarkable decade-long run of economic growth and reduced inflation rivaling that of the most successful of Asia's little tigers. Israel has successfully absorbed nearly one million immigrants from the former Soviet Union. Late-model Japanese vehicles choke the narrow streets of Tel Aviv and Jerusalem and personal computers stuffed with domestically produced software occupy space in most homes. Perhaps no society other than the United States has adapted more quickly and profitably to the age of cyberspace. The triple-tower Shalom Project rising self-confidently high above central Tel Aviv, the tallest buildings ever constructed in the Middle East, is a tribute to an emerging economic power where per capita income is approaching that of Britain.

But for all their visible prosperity, Israelis still view their existence as a nation as precarious. This is partly a hangover from the pre-state days of Holocaust and persecution, and partly a recognition that Israel remains in a twilight state between peace and war. None of its immediate Arab neighbors has attacked since the traumatic Yom Kippur War of 1973, yet Iraq rained Scud missiles on Tel Aviv and environs in 1991, and the Israeli Army is still pinned down in a brutal war of attrition with guerrillas in South Lebanon. Even the landmark peace pacts with Egypt and Jordan are cold affairs, treaties signed by Arab leaders that have never been embraced by their people.

At the same time, Israel is going through an internal transformation. Israelis have lost faith in many of the old Zionist institutions associated with the founding of the state, but have yet to come up with functional replacements. A new Israel is emerging that is at once more bourgeois, democratic, pluralistic, stratified and divided. The deadened grip of a centralized economy has loosened, but so has a sense of egalitarianism and collective identity that Israelis once shared.

Israel's birth on May 14, 1948, was far from auspicious. As Conor Cruise O'Brien recalls in "The Siege: The Saga of Israel and Zionism," five Arab armies attacked the new state, Egyptian planes bombed Tel Aviv and David Ben-Gurion's first broadcast as prime minister was made from an air raid shelter. But Israel's founding father was a



A mother and son arriving in Haifa in 1949. By 1951, one out of every two Israelis was a new immigrant.

master of keeping the nation's eyes focused on the dream even as he led it through the dismal task of surviving as a small, beleaguered but determined power.

With national survival his first imperative, Ben-Gurion made many compromises that still bedevil the modern state. Early on he agreed to grant the Orthodox rabbinical establishment monopoly control over religious affairs,

collections of tribal identities, personal interests and patchwork coalitions, manipulating a system that rewards factionalism and strife, not unity and consensus. In such a system, majorities are so thin and fragile that political unrest is a constant. Winners never feel secure and losers never surrender. Labor and Likud, the two large political coalitions, have steadily lost clout to their smaller, more radical and more cantankerous rivals on both right and left.

The electoral reform that grafted a presidential-style prime minister onto a chaotic parliamentary system has only given Israelis the worst of both worlds.

Zionism, the nationalist ideology that underpinned the new-born state, has become something of a dirty word among a younger generation that has lost faith in national institutions. Even the Israel Defense Force, the much-vaunted citizen army that is the ultimate expression of national unity and pride, has come under fire. The army's failure to extinguish the Palestinian uprising between 1987 and 1993, its chilling helplessness to protect Israeli civilians from Iraqi Scuds during the 1991 Gulf War and its inability to end the stalemate in southern Lebanon have tarnished its image. Many youngsters still compete to join elite combat units in the same way that American students vie to enter Harvard and Yale; but others look for ways to escape conscription or be dismissed early from service. The social stain that once attached to an early or dishonorable discharge has faded.

Every once in a while an event occurs — like the recent death of a Russian-born soldier in southern Lebanon — that reminds Israelis that they have lost something precious in the rush to modernity. Sergeant Nikolai Rappaport was a model soldier who volunteered for a combat unit so that he would have extra pay to send home. After he was killed on patrol, Israelis were shocked to discover that his father and sister lived in a small, squalid storehouse in one of Tel Aviv's bleakest sections. To make matters more poignant, Sergeant Rappaport could not be interred in a Jewish cemetery because his mother was not a Jew. His father chose to take his body back to Russia for burial.

The soldier's dedication, the poverty his family endured and the decision to go back to Russia all sent a shiver of shame and guilt through a society that still honors those who sacrifice their lives in its name. "It is a pity we have come to this point," said the Israeli president, Ezer Weizman, himself an old-school Zionist, after visiting the home.

As old institutions have faded, so have old leaders. The historic figures who stalked the land like gruff behemoths — Ben-Gurion, Golda Meir, Menachem Begin, Moshe Dayan and Yitzhak Rabin — have passed on. The last of their breed, the former Jerusalem mayor, Teddy Kollek, and the former prime minister, Shimon Peres, sit in forced retirement, rejected by voters

ideology you eat with a TV dinner," says Mr. Ezrahi. He wants Israel to be both Sparta and Athens, a country that spends a disproportionate part of its national budget on high-tech weaponry yet can still afford the latest foreign-made consumer goods.

Mr. Netanyahu was elected two years ago in the wake of a series of Palestinian suicide bombings against Israeli civilian targets, and he ran on a platform that promised "a secure peace." He has made no secret of his distaste for the Oslo accords with the Palestinians, and critics — including many in the Clinton administration — contend he has set out to quietly suffocate the peace process. Yet his reluctant acceptance of Yasser Arafat, the Palestinian leader, and his decision to honor a prior government's commitment to partially withdraw from Hebron, the first time a Likud leader has ceded West Bank territory, has helped create a far wider consensus among Israelis that a Palestinian political entity on a substantial portion of the West Bank and Gaza Strip is inevitable.

FETTERED by the constraints of his governing partners and the chaotic system he rules over, Mr. Netanyahu has appeared to lurch from crisis to crisis with no clear goal other than survival. He functions, as the Hebrew daily Ha'aretz put it in an editorial, "not as a leader with authority, but as a barrel reverberating with the collection of pressures put on him."

The danger lies in the fact that, while Mr. Netanyahu may want to stand still, time does not. The Middle East abhors a vacuum and radicals move quickly to fill it. The departure from his cabinet of relative moderates like David Levy and Dan Meridor has left Mr. Netanyahu to contend with a far more hard-line cast, led by the cabinet ministers Ariel Sharon and Rafael Eitan, the two architects of the 1982 invasion of Lebanon. At least one informed analyst, Ehud Yaari of Israel Television, co-author with Zeev Schiff of "Israel's Lebanon War," the definitive analysis of the 1982 war, fears these men may again be leading Israel into a military confrontation with the Palestinians.

Arab radicals are also moving to fill

the gap. Younger Palestinians, the same force that triggered and sustained the *intifada* for six years, are increasingly frustrated and dismayed by the lack of progress toward a state and a modicum of economic prosperity in the West Bank and Gaza. Another round of suicide attacks could scuttle the peace process altogether.

For Mr. Ezrahi, the weakness of Mr. Netanyahu's government and the loud volume of the ensuing debate over Israel's future are signs of healthy skepticism within the body politic that suggest the country is indeed maturing. But for Yosef Alpher, a strategic analyst who is Jerusalem representative of the American Jewish Committee, Mr. Netanyahu's weakness is a danger sign.

"It is significant that in our 50th year we saw with the threat from Iraq a sort of dry run of what wars are likely to look like in the Middle East in the coming decade — the threat of missiles and nonconventional weapons," says Mr. Alpher. "The fact is we have no overall strategic concept to deal with this threat, and we haven't taken advantage of the peace process to get our own part of the Middle East in some semblance of order. My fear is that this lack of strategic thinking may cost us dearly."

GLENN FRANKEL is on the staff of The Washington Post. He was awarded the Pulitzer Prize for his coverage of the Middle East in 1989 and is the author of "Beyond the Promised Land."

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Ben-Gurion proclaims Israel's independence in 1948.

including civil matters such as marriage, divorce and qualification for automatic citizenship, under the mistaken assumption that the rabbis and their followers were a doomed remnant of the East European ghetto who would gradually disappear. Today Orthodoxy refuses to ease its grip, provoking bitter clashes with immigrants from the former Soviet Union whose Jewishness is in dispute and with American Jews who are members of the Reform and Conservative movements that the rabbinate considers a threat to traditional Judaism and to its own power.

Ben-Gurion also agreed to a factionalized political system in which virtually all groups, no matter how small, have some stake in the process. As a result, political parties today remain odd



Israelis planting in arid soil near the Red Sea in 1950.

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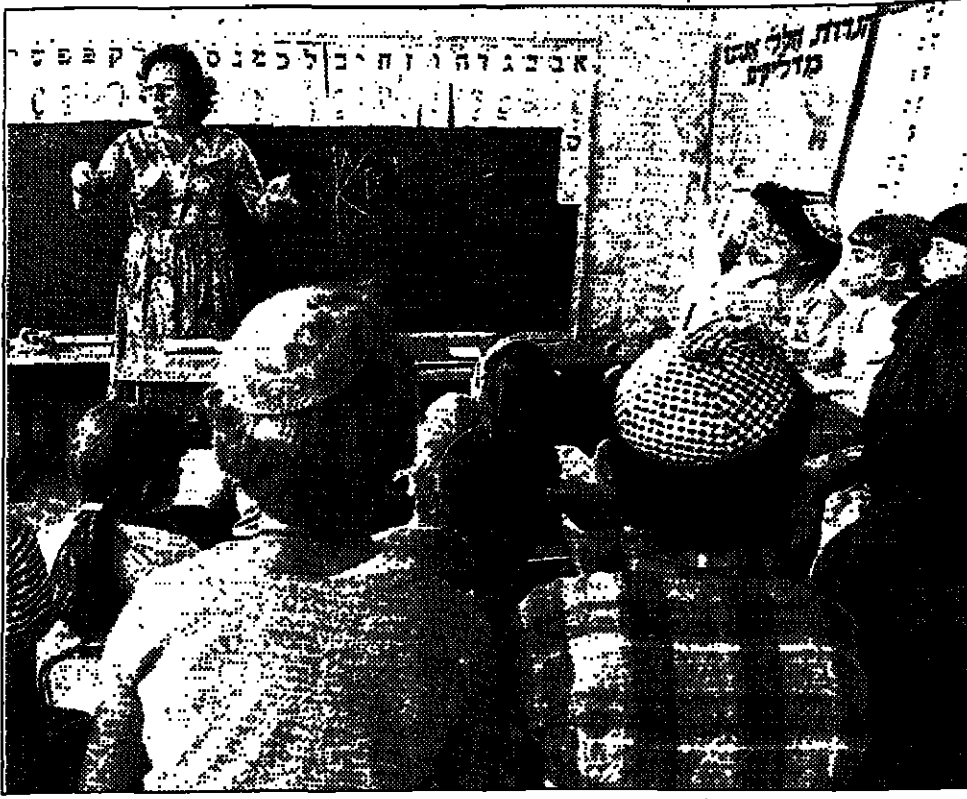
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ISRAEL / A SPECIAL REPORT



A common language and universal military service have helped weld together a nation of immigrants. At left, Israelis waiting for new immigrants in 1948; a West Bank classroom in 1977; soldiers on basic training in 1992.

'Anything Is Possible': The Hard Struggle to Build a Nation

By Tom Segev

JERUSALEM — For many years, most Israelis lived in an atmosphere of constant uncertainty and doubt. Basically pessimistic and prepared for the worst, temporariness was the most common feeling among them: anything could happen at any moment, including the destruction of the country. According to local folklore, this is why Israelis flying El Al would applaud upon safe landing. They naturally assumed that the plane would crash, or get hijacked, or run out of fuel.

Moving from war to war and from one wave of immigration to another, the first Israelis paid dearly for their independence and social integrity.

Israel's first war began in the autumn of 1947, with a series of clashes between Jewish and Arab militiamen. Within hours after Israel declared its independence, five Arab armies, coming from Egypt, Transjordan, Iraq, Syria and Lebanon, invaded it. The war lasted for several months; it cost the lives of about 6,000 Jewish soldiers and civilians, about 10 percent of the country's Jewish population. At least 16,000 Palestinian Arabs were killed. Hundreds of thousands of Palestinian Arabs emigrated, escaped or were expelled by the Israeli Army; many of them still live in refugee camps.

The war of 1948 was a formative experience for both Israelis and Palestinian Arabs, giving birth to the national myths of both. But although it ended in armistice agreements, recognizing Israel's territorial gains, it was only a first round. More than 10,000 more Israelis were to be killed, in five more wars and innumerable terrorist attacks. Although reliable figures are unavailable for Arab casualties, it is estimated that they lost considerably more soldiers and civilians than Israel.

Frequent violence occurred in the 1950s, including the Sinai campaign of 1956. In June 1967, the third round came. Israel occupied considerable territory, in Egypt, Jordan and Syria. Millions of Palestinians came under its control. The Six-Day War marked Israel's most spectacular victory. The country now seemed to have gained not only defensible lines but also controlled larger parts of the Promised Land and a number of holy sites, including the Wailing Wall in East Jerusalem which until then had been held by the Jordanians. Israel was overcome with religious and national ecstasy. Soon the passionate debate over the administration and future of the occupied territories, specifically the "biblical" West Bank, threatened to destroy Israel from within.

In 1973, Egypt and Syria struck again. Taking Israel by surprise, they were nevertheless unable to get back the territory they had lost in 1967. Israel lost nearly 3,000 soldiers, but the war's main effect was psychological: no other war in its history has shattered Israel's self-confidence and collective identity as deeply as the earthquake of the Yom

Kippur War. It is generally assumed that Egypt's self-proclaimed "victory" in that war led to President Anwar Sadat's decision to make peace with Israel.

While each of these wars had its own causes, in hindsight they all seem to have been battles in one and the same war that began not 50 but nearly 100 years ago, when the Zionist movement, seeking national independence, started to settle Jews in Palestine. The Arabs, particularly the Palestinians, rejected the idea. Both sides made mistakes, but basically war was inevitable, unless one or both national movements gave up its aspirations. Since neither would, only one could win.

Within the first three years of independence, the Israeli population more than doubled. By 1951, one out of every two Israelis was a new immigrant. Most were survivors of the Holocaust or came from Arab countries. They experienced fear and economic distress. Uprooted, isolated, many suffering post-traumatic shock, few of them could say that they had found happiness in Israel; most of them did not even speak the same language.

Most Jews living in Arab countries did not leave their homes and move to Israel in response to the call of the Zionist movement. They came because life in their countries was made impossible as a result of the Zionist enterprise in Palestine. Many of them were treated unfairly on arrival and were discriminated against, receiving substandard housing, employment, education and health services. Many still resent that treatment even today. Immigrants from Europe also came to Israel not as Zionist pioneers but as refugees. Many of them would rather have settled in the United States had they been given the choice.

Time, however, seems to have worked in favor of Israel, as the country's founding fathers always said it would. Israel is a success story. Its strength and security have grown from war to war. As a nuclear power, its existence is no longer in danger. Two of its neighbors — Egypt and Jordan — have recognized and signed peace agreements with it.

Functioning reasonably well on a more or less democratic basis, it offers most Israelis a standard of living and a quality of life comparable to those of some European countries. Most Israelis can expect their children to lead better lives than their own. With a population that reaches nearly five million Jews and more than one million Arabs, Israel will soon be the largest Jewish community in the world, and much of what the Zionist ideology was all about will have been accomplished.

With time, Israelis have developed a sense of routine and continuation. In contrast to the past, most of them now grow up in the same country as their parents, go to the same schools, serve in the same units of the army, share common experiences with their parents, common expectations, a common sense of humor and, most importantly, a common language.



Bill Clinton with Yitzhak Rabin, left, and Yasser Arafat after the signing of the Israeli-PLO peace accord at the White House on Sept. 13, 1993.

Perhaps the major achievement of the country, indeed of the Zionist movement as a whole, lies in the revival and victory of the Hebrew language. In the wake of the recent waves of immigration from the former Soviet Union and Ethiopia, one still comes across Israeli kids playing football in Russian or Amharic. However, as a living language with considerable achievements in education, in literature, in the media and most importantly in everyday life, Hebrew has become the major element of the Israeli identity, more important even than the land itself. Using Hebrew as one's main language of thought, one remains Israeli even as the owner of a falafel stand in Amsterdam or Los Angeles.

WHEN the founding fathers of Israel prepared the ceremonial signing of the Declaration of Independence, they ran into an unexpected difficulty. It was May 14, 1948. The British mandate was to expire officially at midnight. May 14, however, was a Friday and the declaration, therefore, had to be signed in the afternoon, before the beginning of the Sabbath. Hence for its first hours, the country was theoretically under the rule of two governments.

There were other more probing problems that had to be solved before the declaration could be signed. The Orthodox parties demanded that the "Lord of Israel" be mentioned in the text. Members of the political left refused. For a while, it seemed that they would not sign the declaration at all; at the last moment, they agreed upon the "Rock of Israel."

Preparing the declaration, they also argued whether or not to define the new state's borders. The question cannot be ignored, said Felix Rosenbluth, who would soon become Israel's first minister of justice. David Ben-Gurion, soon to become

prime minister, objected. "Anything is possible," he said. "If we decide here that there's to be no mention of borders, then we won't mention them."

"But it is a legal issue," insisted Rosenbluth, to which Ben-Gurion gave the classic answer: "The law is whatever people determine it to be." Eventually the borders were not mentioned.

Improvisation, and not action in accordance to plans, has marked the history of Israel ever since. Also there has always been a strong irrational element in Israel's process of decision-making: some of its most crucial decisions were made under the influence of the Holocaust. However, the leading thought was Ben-Gurion's "Anything is possible."

Jewish statehood was shaped under the auspices of the British who, starting in 1917, had occupied Palestine for 30 years. Ben-Gurion and the other founding fathers infused their country with a common dream and inspired national unity. They spoke of redemption, following 2,000 years in exile. They set out to build a modern, democratic country based on Jewish, Zionist and universal values of justice. They sought to guarantee the well-being and happiness of all, in an idealistic and meaningful system of government. It was by the power of that dream that the first Israelis found the strength and courage to start a new life, defend it and prevail.

That dream gave birth to policies, ethics, values and ways of life. Their dream was the fuel that powered their action, the cement that bound them together, the myth and the consensus. It was the shared dream that restrained the first Israelis when civil war might have erupted between old-timers and newcomers. Ashkenazis and Jews from Arab countries, the religious and the secular, the leftists and rightists. The road they took was the road they believed to be right, and they followed it

with whole-hearted faith in their cause.

The history of Israel has been less enlightened, less idealistic, less heroic, indeed less European, than what most of the first Israelis had dreamed of. Israel has not provided full justice and affluence to all. There is no peace. Israel has been, and to a large extent still remains, dependent on the support of the United States.

Life in Israel involves many ideological contradictions. While committed to the Jewish character of their country, Israelis have never been able to agree on how to define a Jew. Preserving the Jewish and democratic character of the country cannot be reconciled with the continued occupation of the Arab territories, taken in 1967. Also, the Jewish character of the state leads to the inevitable discrimination of non-Jewish Israeli citizens.

Israelis have never resolved these contradictions. They have tried to live with them.

In recent years, Israel has become "less Israeli" and "more Jewish" than the founding fathers expected it to be. Fifty years ago, Israel sought to create a "new Jew," indeed a "new man." Strong, proud and productive, the "new man" was to be linked directly to the biblical hero, reversing 2,000 years of Jewish existence in exile. This state ideology often forced itself on the first Israelis, particularly the newcomers. Many were made to change their original names and assume Hebrew ones, as a contribution to the effort of nation-building and a token of loyalty to the young state. Many new immigrants felt robbed of their authentic cultural identity.

Rediscovering their Jewish roots, more and more Israelis tend to identify themselves with Jewish history and tradition. Some have traveled to Morocco and other countries of origin, or have made the Holocaust a central element of their identity. Israelis have also changed their arrogant attitude toward Jews in other countries. No longer do they look down at them. Also Israelis who leave to live abroad are no longer considered traitors or defectors.

In another development, Israel has become more Americanized than the founding fathers, as declared socialists, would have wished it to be. Israelis surf the Internet in Hebrew and go to Koshers McDonalds. They wear sneakers and eat their main meal in the evening. They offer each other drinks, as people do in America. The Hebrew language has adopted American words and expressions, even grammatical constructions.

However, the Americanization of Israel goes much deeper. Most of the senior posts are managed by people who were trained in America. They hold top positions in the economy and in the army, in medical research, at universities and in the media. The political system has adopted aspects of the American system of government. Prime Minister Benjamin Netanyahu grew up in the United States and regards Washington as his political capital. Israel is

gradually adopting a constitution that reflects much of what the United States regards to be politically correct, including more civil liberties than ever before. Americanizing the economy, the U.S. dollar is soon to become a legal currency in the country.

As they gain security and more self-confidence, Israelis have begun to question some of the country's historical myths and basic truths. Some of the "new historians" have even questioned the validity of the Zionist ideology. Intellectuals develop so-called post-Zionist ideas. While such ideas may be premature as long as the conflict with the Palestinians has not been resolved, more and more Israelis tend to recognize the price of Zionism in terms of human happiness, including its role in the Palestinian tragedy.

THESE new trends of thought have come as part of a rather fast process of growing up. More secure and more mature,

however, Israelis also have lost much of the unity that had marked their early days. Indeed, Israel at 50 is more deeply divided over basic issues and fundamental values than ever before. The division can best be illustrated by the differences between Jerusalem and Tel Aviv.

In September 1993, an angry crowd of nearly 70,000 people gathered in front of Prime Minister Yitzhak Rabin's office in Jerusalem to protest the historic agreement between Israel and the Palestinian Liberation Organization. They expressed the belligerent mood that would later lead to Rabin's assassination.

Two nights after that demonstration, nearly 70,000 people gathered in Tel Aviv for a Michael Jackson concert. They could hardly be distinguished from the singer's fans anywhere else in the world. Indeed, it seemed that they had more in common with pop enthusiasts in other countries than with those anti-peace demonstrators in Jerusalem.

Less than an hour's drive apart from each other, Jerusalem and Tel Aviv make a tale of two worlds. Jerusalem is political, religious, intolerant, indeed fanatic, 5,000 years old and built on rock. Tel Aviv, not yet 100 years old, is built on sand. Mostly secular and increasingly apolitical, people in Tel Aviv don't live for the sake of the past or the future, nor for some ideological purpose or collective goal. They live for life itself, in the spirit of individualism, the American dream culture.

Israelis today dream less than in the past; fewer of them still applaud on landing. More and more, they fly other airlines than their own national El Al without even feeling unpatriotic about it. The founding fathers would hardly recognize them.

TOM SEGEV, the author of "1949 — The First Israelis" and "The Seventh Million — The Israelis and the Holocaust," writes a weekly column for Ha'aretz.

Sabbath Shoppers Declare Cultural War

By Ze'ev Chafets

TEL AVIV — On the last Saturday in March, tens of thousands of Israelis, many of them parents with young children in tow, streamed to the old port of Tel Aviv to experience something new — family shopping on the Sabbath, the one day most Israelis are free.

Tel Aviv, like Israel's other cities, shuts down its malls, outdoor markets and stores on Saturdays. It is a long-standing practice, the result of religious blue laws. But at the port, a group of young entrepreneurs took a huge, empty hangar, rented space to vendors and presented the SoHo-like flea market as a permitted "cultural event" by charging a five shekel (\$1.40) entrance fee. The organizers offered live music and refreshments, but no one was fooled about the essential purpose of the event, which was advertised under the simple yet revolutionary name: Non-Stop Shopping.

Sabbath shopping has become an illicit pleasure for an increasing number of Israelis. That same Saturday morning, 10 miles (16 kilometers) to the north on the coastal highway, there was a traffic jam as cars tried to squeeze into the packed, giant parking lot of Kibbutz Shafat'im. They had come to a strip mall of pedestrian stores — Ace Hardware, Toys 'R Us, Office Depot, a pharmacy, a factory outlet clothing store — that operate in defiance of the Sabbath ban and weekly attract more people than a rock concert.

Labor Minister Eli Suissa, a member of the ultra-Orthodox Shas party, is in charge of enforcement.

He dispatches inspectors to the mall to hand out tickets, but business is so good that the merchants prefer to pay up and keep their doors open.

Further up the coast is the quaint town of Zichron Ya'akov, where a number of local merchants have opened antique shops and boutiques aimed at Sabbath day-trippers. Here, too, the authorities have tried to stem the tide of impious commerce, and here, too, they have failed. Informed that Jews (but not gentiles) are banned from doing business on the seventh day, some of the locals simply "sell" their shops to Arab neighbors for the day. Others have publicly threatened to convert to Christianity if the government persists in harassing them.

Of course, all this is about more than shopping. The clash between political rabbis intent on turning the Jewish state into a kosher Iran, and the mainstream who want to live in a modern, open society, has replaced the Arab-Israeli conflict as the most emotionally charged dispute in this disputatious society. It is a cultural war, and not a day goes by without dispatches from the front lines.

In Jerusalem, a former chief rabbi declares the blood of nonreligious Jews unfit for transfusion and opines that the Supreme Court is illegitimate because its rulings are not based on the Talmud. In the West Bank, prominent Orthodox ideologues call upon soldiers to mutiny rather than obey orders to evacuate settlers. In the Galilee, fanatics firebomb a pork-selling butcher shop. Not long ago, a research institute reported that some 60 percent of able-bodied, ultra-Orthodox men refuse to work or serve in the army, and live on the public dole.

This has caused a backlash. Recent polls show

that the average Israeli fears and dislikes the Jewish theocrats more than the Palestine Liberation Organization. More Israelis say they would prefer to live in an Arab neighborhood than in a Hassidic one. After Prime Minister Yitzhak Rabin was murdered by a religious fanatic in 1995, Orthodox Jews were cursed openly on the streets.

The head of McDonald's in Israel has become a culture hero by insisting on his right to sell nonkosher cheeseburgers. A dim sum restaurant opens in central Tel Aviv in what was once a rabbinically approved cafeteria, and its owner is applauded for "conquering enemy territory." And, at the port of Tel Aviv, shopping has become an act of defiance.

One of the hawkers, a young man named Alon said, "We could get fined or even shut down. But I'll tell you the truth. It's an honor annoying the rabbis." Israel was born as a secular rejection of the diaspora's backward-looking, fatalistic, clerical leadership. In 1948, it was widely assumed that the creation of a modern secular state meant a final victory over the theocrats. But, of course, there are no final victories in democracies, and today, 50 years later, the political rabbis are back with a vengeance.

That's the bad news. The good news is that they won't win — not in the marketplace of ideas and not at the market in the Tel Aviv port, either. There are too many Israelis who know the threat the fundamentalists pose, and even more who want to spend their Saturdays shopping.

ZE'EV CHAFETS is a novelist and a columnist for the Jerusalem Report.



In Tel Aviv, many Israelis now shop on the Sabbath in defiance of religious laws.

سكنا من الامل

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Photo Courtesy Harry S. Truman Library

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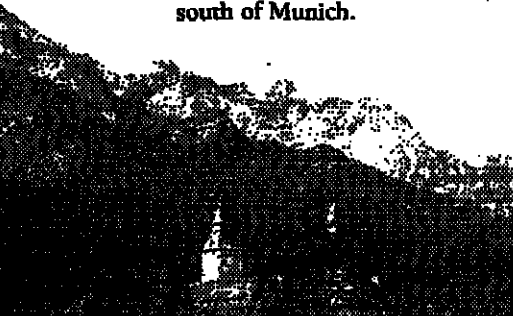
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ISRAEL / A SPECIAL REPORT

Paradox Behind the Palestinian Conflict

The Dream of a Jewish Land Runs Up Against a Demographic Reality

By Sari Nusseibeh

JERUSALEM—Despite apprehensions, March 30 came and went in Israel almost uneventfully. Land Day, as this day is now known to Israel's one million Arabs, commemorates the three Israeli-Palestinians who were killed in the Galilee by army gunfire in 1976 in protests against Israel's discriminatory land and development policy. The memory continues to stand out as an uncomfortable and even ugly adjunct to Israel's May Independence celebrations.

Yet, such is the cruelty of Israeli-Palestinian reality that, less than a week after this year's Land Day, two unsettling and significant incidents occurred. First, Israeli authorities evacuated a group of Palestinian squatters in East Jerusalem. The Palestinians had set up camp illegally on the Mount of Olives to protest another aspect of Israel's discriminatory land and development policy, namely, its curbs on the natural urban development of Jerusalem's Arabs, a development that goes hand in hand with their population growth.

Then, two days later, Israel struck again. This time the target was three Arab houses in Israel's northern region, near Shifa Amr. The houses—though built 30 years ago and belonging to Israeli-Arab families whose children have served in the Israeli Army—were demolished because they had been built illegally, i.e., without government permit.

The demolitions led to violent clashes between Israel's police and its Arab citizens. In their wake, Arab community leaders called for a rare one-day strike. Another Land Day? Perhaps, for these confrontations are all signs of the anger simmering beneath the surface—an anger that is growing and threatens to shake the very foundations of Israeli independence.

Clearly, Israel's predicament and its morally brutal attempt to address it are the same today as in 1976, and it is the same whether the focus is on Israel proper or on 1967-occupied territory. In effect, it is Israel's declared intention to continue its policy of settlement expansion in the territory occupied after its victory in the 1967 war that has brought the already worn-down Israeli-Palestinian peace talks to a halt.

The implantation of Jewish populations and urban neighborhoods in the "Land of Israel," whether on one side of the 1967 border or on the other, has long been Israel's prime motif, reflecting the dream of wedding "a people without a land to a land empty of people."

This explains why, even within the 1967-occupied territory, when Palestinian Liberation Organization leaders and peace-makers returned to Gaza soon after the signing of the Oslo accords in 1993, they found well over a third of a million Jewish settlers living in neighborhoods and settlements throughout Gaza and the West Bank (including East Jerusalem), making a geographic disentanglement of the two populations an overwhelmingly artificial and difficult task.

But Israel's dream of an empty land is inextricably and painfully marked by a conflicting demographic reality: the growing "foreign" population in its midst. In trying to implement its dream, Israel clearly has had to adopt a discriminatory policy against this non-Jewish population.

THE imperative for building a Jewish landscape perforce prevents, precludes or relegates to an inferior status the demand for non-Jewish development. It is precisely this policy that explains the mounting anger and despair of the Palestinians—whether they be Israeli and seeking equal rights with Israel's Jewish population; or non-Israeli and seeking independence, or self-rule, through negotiations.

This imperative explains the inch-by-inch of a percent approach to land secession typifying the stance of the government of Prime Minister Benjamin Netanyahu in its negotiations vis-à-vis the Palestinians in the West Bank and Gaza as well as in its continued settlement expansion in those areas. It has also been successfully used by consecutive Israeli governments since the country's creation.

Demographic facts loom threateningly behind Israel's frenzied development. The stunning reality is—despite the population displacements following the wars of 1948 and 1967 and the forced prevention of the return of Palestinians to their homeland, and despite discriminatory development policies and the relatively meager means at the disposal of Palestinians—that the largest concentration of Palestinians living anywhere in the world (an estimated population of 3.8 million) is now living in historic Palestine itself, that is between the River Jordan and the sea.

Paradoxically, after 50 years of "stunning" Israeli military and economic success, the same cannot be said for the Jewish people since today more Jews live outside, rather than inside, Israel.

It is in understanding this extraordinary entanglement of dream with reality and its socio-political ramifications that one can unravel what may yet come to be described as the strangest of all political paradoxes of the 20th century: that an ethnic-cum-religious policy, having successfully been con-



Palestinians armed with stones in the Gaza Strip during the intifada in 1993 take shelter from Israeli soldiers.



A Palestinian girl at the Jabaliya refugee camp in Gaza in 1993 where her forefathers were moved to after the creation of Israel in 1948, while Palestinian youths in a Gaza refugee camp in 1989 show their defiance.

ceived and now apparently at its zenith, already seems to contain the seeds for its own dissolution.

Meanwhile, a people, having been robbed of land and identity and now apparently at the height of their defeat and capitulation, seems, nonetheless, deeply ensconced and rooted, containing within itself the seeds for a rejuvenation.

Simply, neither has Israel succeeded in becoming the purely Jewish state it set out to be, nor has the Palestinian people vanished into thin air or thick desert sands.

And paradoxically, the more successful Israel is now in driving a hard bargain with the Palestinians and in implanting more settlements and settlers in the West Bank, especially in East Jerusalem, the less possible it becomes for the Palestinians to accept a partition proposal and the meager territory to be handed over to them under its terms. Thus the less chance there is for negotiating a successful partition, and the more chance there is that what will emerge is a greater Israel.

that is even less Jewish than it already is today.

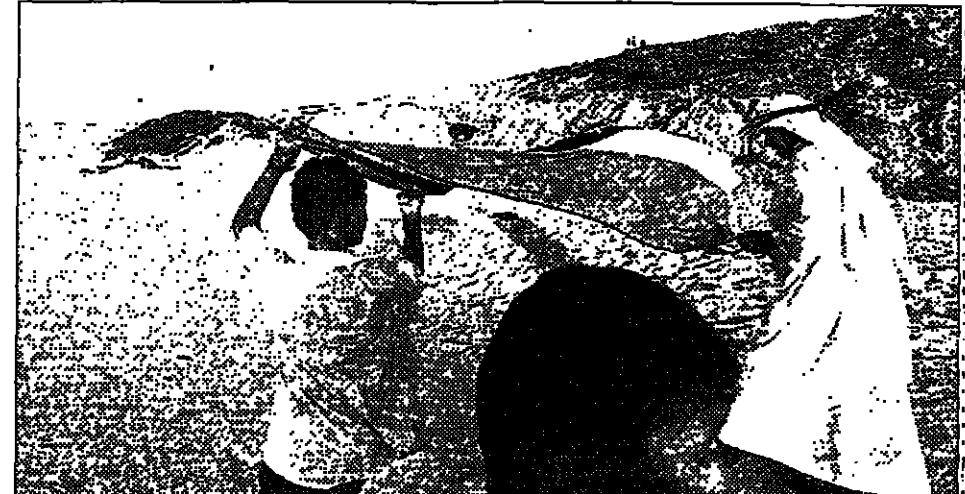
All of which leaves Israel at the end with very few and very difficult choices to make. Either it decides to follow its historic dream by "cleansing" the land altogether by creating another massive population exodus, or several less dramatic ones (which strategically it would have to do), or, it decides to "humanize" its dream through an internal self-transformation based on a predetermined vision for a synergistic fusion of Jewish and non-Jewish populations in the country.

To reach this end peacefully, mutually acceptable forms of transitional partitions between Israelis and Palestinians can, and perhaps must, be worked out as interim steps. The first approach can only lead to another Armageddon. The second approach is humane in form and content.

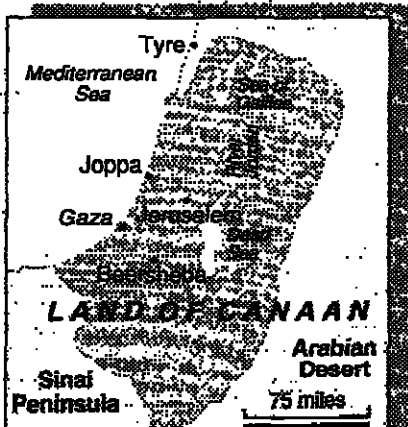
SARI NUSSEIBEH is president of Al-Quds University in East Jerusalem.



Palestinian fishermen in Gaza City preparing nets. At right, Palestinian flags were unfurled in 1993 to celebrate the Oslo accords, but hopes for peace have dimmed.

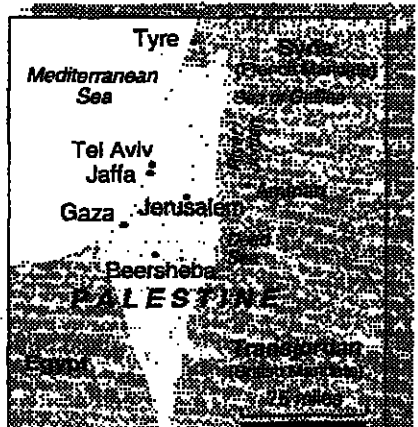


Ancient Roots of the Arab-Israeli Conflict



About 1000 B.C. most of the land of Canaan, later called Palestine, was held by the Twelve Tribes of Israel, who considered it the land promised to them by God in the time of Moses. During this time King David unified the tribes to form the Kingdom of Israel. Jerusalem was selected as the capital, where Solomon built his temple. After centuries of conquests, the remnants of Israel were dispersed by the Romans.

Source: The World Book Encyclopedia



The British controlled Palestine after World War I when the Turkish Ottoman empire was divided between France and Britain. Britain controlled Palestine, which it had promised in 1917 to be a national home for the Jews. The British also promised land to the Arabs, which resulted in formation of Transjordan and Iraq, under British domination. The Arabs later contended Palestine had been part of the area promised to them.



After World War II, with large numbers of Jews fleeing Nazi persecution settling in Palestine, the United Nations divided the land into two states, one Jewish and one Arab, with Jerusalem under international control. The Arabs rejected the plan. Israel declared independence in 1948 and in war with its neighbors gained control over the majority of Palestine. About 700,000 Arabs fled from Israel and were housed in refugee camps.



Israel has controlled all of Palestine since 1967, when it repelled attacks by Egypt, Syria and Jordan. Other nations have refused to recognize Israeli control over the West Bank and Gaza Strip, which some Israelis insist are part of Israel's God-given territory. Many Arabs in turn refuse to accept the Jewish state in a land occupied by Arabs for centuries. Hundreds of Palestinian Arabs have been killed in an uprising against Israeli rule.

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ISRAEL / A SPECIAL REPORT

"An Army Forged By Wars And Interwoven With Civil Life

By Joseph Fitchett

PARIS — No army's forces have been so frequently battle-tested as those of Israel. And no other people has lived so long so massively outnumbered by surrounding foes and so convinced of being annihilated if their enemies got the chance as have Israelis.

That threat, that constant readiness, that feeling of dependence on every able-bodied person amid a quasi-permanent wartime footing — these conditions sealed a bond between the army and the rest of the nation. This special intimacy between commanders and citizens has anchored morale — and shielded the army's reputation in bitter moments.

Even today, the Israel Defense Force has many characteristics — morale, adaptability, initiative — that emerged in the fighting in 1947 and 1948 as the Jewish former colony sought to carve out a state before being overrun by Arab armies — still a heroic feat even if, as some recent historians suggest, the Jewish forces were better prepared than they admitted at the time.

The keys to Israeli military behavior, then as now, include the total mobilization of Jewish society. This near fusion between the armed forces and a highly educated civilian population has provided numerous special strengths, including quick military recognition of technological changes and access to all the talents of a thriving society.

What has changed for Israel's defense establishment is the nation's growing reliance on the United States, especially in the domain of high-tech defenses. Today, as the Middle Eastern battlefield threatens to enlarge to include long-range missiles, the terms of U.S.-Israeli cooperation have become the biggest question mark over Israel's future military options.

So far, U.S. support apparently remains unlimited, even though Israel has lost the special status that it enjoyed during the Cold War, when as a regional flashpoint, it was in some aspects a global geopolitical player.

This relationship was spotlighted in a



General Moshe Dayan, with General Ariel Sharon, left, visiting Israeli units during the Yom Kippur War.

one-day air battle on Sept. 23, 1982, when U.S.-built Israeli warplanes took on Syria's Soviet-equipped Air Force above the Syrian-controlled plains and hills of Lebanon's Bekaa Valley.

The day's tally was: 23 Syrian MiGs downed and no Israeli losses.

Israeli pilots had exploited the technological edge (and advantage of surprise) supplied by a recently delivered U.S.-built AWACs, the airborne battle management plane.

This lopsided clash provided a sneak preview of what the U.S. Air Force would do a decade later in the Gulf War against the Soviet-supplied Iraqi Air Force and air defense systems.

In Washington, the reaction was ambivalent. Officials were outraged because Israel had taken the wraps off U.S. technology that Washington was saving as a nasty surprise for Warsaw Pact air forces in Central Europe. At the same time, U.S. officials were irrepressibly proud of the performance.

Indeed, the show in Lebanon may have helped deter Soviet strategists from making miscalculations in Europe as power slipped from Moscow in the closing phase of the Cold War.

A near-legendary facet of the Israeli military is the role of women. They were active in the guerrilla fighting and clandestine activities that were rife in the years leading up to Israeli independence, and this role is probably responsible for the widely held misconception that Israeli women are combat soldiers. In fact, women have never been in frontline positions in the Israel Defense Force, even though they are subject to conscription and do military service.

A particularly important side-effect of the Israeli Army's special circum-

stances is the pressure on young commanders to establish their authority by successful leadership. Israeli officers are promoted from the ranks, and Israeli doctrine demands that they lead from the front in order to maintain troop confidence. It involves high casualty rates in combat, but the survivors are the world's most experienced officer corps.

Another significant factor behind Israel's military efficiency is its system of reservists. The Israel Defense Force has a hard core of 20,000 long-serving professional officers, who command 100,000 draftees and reservists. Crisis mobilization can expand the armed forces to 600,000 within 72 hours.

The country's military history is, practically speaking, inseparable from the history of its frequent wars. Each decade has brought its own war: 1948, 1956, 1967, 1973, 1982, 1991. Those dates, to any Israeli, immediately mean the War of Independence, the occupation of the Sinai, the Six-Day War, the Yom Kippur War, the invasion of Lebanon, the Gulf War. Combat has continued constantly between cease-fires.

Hardly surprisingly for a state that constantly feels outnumbered, audacity and improvisation represent the supreme military virtues. In 1967, Israel launched a pre-emptive strike against Egypt. In 15 minutes, while the Egyptian pilots were eating breakfast, Israeli aircraft destroyed 200 planes on the ground, 70 percent of the Egyptian Air Force.

But Israel's victories have come at the price of steadily growing dependence on Washington. The 1967 victory cut it off overnight from French supplies because of General Charles de Gaulle's ire that Israel had disregarded his injunction against attack. While it man-

aged to crush the combined might of Egypt, Syria and Jordan, Israel, for the first time since independence, found itself dependent on a single supplier for state-of-the-art weaponry.

At the same time, Israel has had to live with the increasingly expensive consequences of a basic predicament: the absence of a war-winning strategy.

"Israel cannot afford to suffer a decisive defeat, but it will never be able to achieve a decisive military victory capable of ending the Middle East conflict," said Benny Michelson, an Israeli reserve colonel and chief historian of the Israel Defense Force.

This is true even regarding the ultimate military technology — nuclear weapons. Israel has followed a strategy of quasi-declared forces that are supposed to provide existential deterrence. Its arsenal is estimated to exceed 100 warheads that can hit capitals as distant as Baghdad and Tehran. It is a doomsday deterrent to discourage Arabs from thinking that Israel might let itself be overrun.

The United States (and most other nuclear powers) have enough weapons to ensure their survival, leaving a margin to serve as bargaining chips. But disarmament bargaining — even if Israel felt such deals were possible with its adversaries — has never led to peace settlements.

Today, as in the past, Israel's military power seems capable of providing a defense as effective as any nation's. But it still seems far short of being able to provide a victory. It is the limitation of Israel's military power.

And the honor of its military.

JOSEPH FITCHETT is on the staff of the International Herald Tribune.

High-Tech Industry Recharges Economy

Agriculture Accounts for Just 3% of Exports

By Neal Sandler

TEL AVIV — For nearly four decades, Israel's economy had much in common with that of the former East-bloc countries. Capitalism, the free market and competition were not exactly the motto of Israel's largely state-dominated economy. It took an economic crisis in the mid-1980s, with Latin American-style hyperinflation and huge budget deficits, for Israel to abandon its socialist roots.

The collapse of Israel's economic "Berlin Wall" has brought about the transformation of the Jewish state from a developing economy to a world-class, high-tech center. "Computer chips and software symbolize what the Jaffa orange did in the early years of the state," said Manuel Trajtenberg, a Tel Aviv University economist.

Citrus fruit was long ago Israel's major source of export earnings. Nowadays, agricultural products account for only 3 percent of exports. And in recent years, Israel has become a net importer of food.

The radical change of Israeli industry has been even more dramatic. Companies like Scitex Corp., a world leader in computerized printing, ECI Telecom, a developer of cutting-edge telecommunications equipment, and CheckPoint Software, a creator of Internet security products, have replaced the textile and food-processing companies which once dominated the economy.

Initially, the Arab economic boycott, had kept most foreign investment away. Israel was also saddled with a huge defense burden. And this led to the setting up of a state-owned defense industry.

Despite the obstacles, the economy flourished, with a growth rate of 5 percent a year. But this came to a halt in 1973 with the Yom Kippur War. The following 10 years were characterized by triple-digit inflation, ballooning budget deficits and a stagnant economy.

In 1985 a national unity government of both major political parties — Labor and Likud — implemented a stabilization plan which brought inflation down dramatically and reduced the budget and balance of payments deficits.

No less significant was the fact that the plan began the process of dramatic structural changes in the Israeli economy. Government subsidies that kept otherwise bankrupt companies going were cut.

In 1988, Koor Industries Ltd., Israel's largest industrial concern, was at the

brink of bankruptcy. The conglomerate, which has more than 100 subsidiaries, exemplified the inefficiencies of the Israeli economy. In order to survive, Koor's president, Benjamin Gaon, fired more than half of the 36,000 work force, sold or shut dozens of subsidiaries and agreed to a drastic debt restructuring plan with Israeli and foreign banks.

The company, which was once the symbol of the Histadrut labor federation's economic power, was sold off by the federation. Its new owner, the Canadian billionaire Charles Bronfman, focused the company in three key areas in which Israel has a comparative advantage: telecommunications, electronics and agrochemicals.

Another radical change was the decline of Israel's large state-owned defense industries. The end of the Cold War and a decline in the local defense budget wreaked havoc with companies like Israel Aircraft Industries, Israel Military Industries and the Rafael Arms Development Authority. Thousands of engineers and workers were laid off.

The highly qualified manpower pool was quickly absorbed by the civilian high-tech sector which was just beginning to take off," said Victor Shohat, senior economist for Ofek Securities Ltd., a Tel Aviv-based economic consulting firm.

Israel's high-tech sector got an added boost from the huge wave of immigrants from the former Soviet Union. Israel has doubled the number of engineers and scientists in the past seven years.

Israel had all the necessary ingredients for a high-tech boom: a growing number of entrepreneurs, highly trained manpower, and extensive research and development. It was the later two elements that had already brought many multinational companies, like Intel, IBM, Motorola and Digital, to Israel.

In the past two years, more than \$1 billion has been raised by venture-capital firms for investing in the country's approximately 2,000 high-tech companies. They are joined by some 250 new startups every year. "Israel is second only to Silicon Valley in the number of high-tech opportunities," said Erel Magalit, general partner at Jerusalem Venture Partners.

While Israel's economy grew by only 1.9 percent in 1997 and prospects for this year are not much better, the country's high-tech sector continues to expand at a 20 percent annual rate.

NEAL SANDLER is a financial writer based in Jerusalem.

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ISRAEL / A SPECIAL REPORT

A Family Feud? American Jews Troubled by Shifts in Israel

By John M. Goshko

NEW YORK — The contentious, increasingly divisive mood gripping Israel as it enters its second half-century has leaped the Atlantic to cause heightened turbulence in relations with the American Jewish community that always has provided the Jewish state's principal outside political and financial support.

No one seriously believes that the ties between Israel's 5.9 million citizens and the 5.8 million American Jews are in danger of rupture. People on both sides insist that it is not the kind of family feud that will end in divorce. Still the internal disputes troubling Israel — Orthodox religiousocracy vs. pluralistic democracy and left vs. right on questions of peace with the Palestinians — have had disturbing echoes in the United States.

On questions of strategy for dealing with the Palestinians, many American Jews have misgivings about the Israeli government's hard-line policy, although most still are reluctant to press their criticism beyond a point that could have adverse effects on Israeli security. But the unspoken rules for discussing other problems, particularly differences over religious issues, are not so clear-cut, and many people on both sides think that they inevitably will cause some reordering of the intensely emotional relationship that was born out of the horrors of the Holocaust.

In the early days, the support of American Jewry was crucial to the survival of the small aggregation of pioneer kibbutzniks and survivors of Nazi death camps struggling to create a viable state in a sea of Arab hostility. For many American Jews, raising money or courting support for Israel from the American political establishment became what has been called "the secular religion of Israelism," the way in which they expressed their Jewish identity.

Over the years, the successes of America's "Jewish lobby" made Israel the largest single recipient of American military and financial aid. And it gave Israel five decades of near-unwavering U.S. military and political backing, often at times when Israel was isolated and at odds with the rest of the world opinion.

The relationship always had its undercurrents. Israelis long have resented what they regard as the paternalistic, sometimes condescending attitude that gave rise to the sardonic Israeli joke defining an American Jew as someone who thinks "Israel is a nice country to give money to, but I wouldn't want to live there." And, although Israel has evolved into the Middle East's most advanced middle-class society with a booming, high-tech economy and one

of the world's best-educated citizenries, many American Jews still think of Israelis as poor relations who make good soldiers but who otherwise are chronically in need of care packages.

But these were only minor irritations compared to the current state of mutual annoyance that sees many Americans criticizing what they perceive as ill-advised Israeli actions and the Israelis reacting by going into a prickly defensive crouch. This is perhaps most evident in debate of how to breathe some new life into the nearly dead Arab-Israeli peace process.

The majority of American Jews have been bitterly disappointed by the comatose state into which the process has lapsed, and it is no secret that many believe part of the blame lies with Prime Minister Benjamin Netanyahu's hawkish approach to dealing with the Palestinians. While Mr. Netanyahu asserts a claim to the support of American Jewry, he strains the American community's once unquestioning allegiance by turning a deaf ear to suggestions that he be more flexible.

The problem now for the American community is calibrating how far to go in supporting efforts to prod him toward this flexibility. The evidence so far is that most American Jews are reluctant to push things to the point where open confrontation is unavoidable, and in recent weeks there has been a noticeable muting of complaints about Mr. Netanyahu's conduct of peace negotiations and greater sympathy for his arguments that the Palestinians refuse to act against anti-Israeli terrorism and that Arab governments are ganging up on Israel in places like the United Nations.

"Jerusalem's working assumption has always been that, when push comes to shove, American Jews will defer to the decisions taken by an Israeli government that gained office through the proper democratic process," said David Harris, executive director of the American Jewish Committee. "A lot of people may think Netanyahu is too rigid and confrontational, but they won't go against that principle."

"There's no question about it," added Malcolm Hoelen, executive vice chairman of the Conference of Presidents of Major American Jewish Organizations. "American Jews won't second-guess the Israeli government and the Israeli armed forces on what is necessary for Israel's security."

In part, this is a response to the vigorous counterattack that hawkish American Jews have mounted against those pleading for flexibility. A mysterious group called the Committee for a Secure



President John Kennedy met with Foreign Minister Golda Meir in Florida in 1962.

Peace has run full-page newspaper advertisements asking, "Why do so many respected voices say Bill Clinton has turned his back on Israel?" The only person publicly identified with the committee is Rudy Boschwitz, a former Republican senator from Minnesota who lists himself as honorary chairman. Officials of Jewish organizations claim they don't know who else is behind the ads, although some say privately that they believe it is part of a campaign masterminded by Arthur Finkelstein, a shadowy political strategist who works with some of the United States' most ideologically conservative politicians.

THE biggest signs that American Jews were starting to rally around Mr. Netanyahu became evident in early March, following reports that the Clinton administration was preparing a new initiative calling for further Israeli withdrawal from 13.1 percent of the West Bank.

The American Israel Public Affairs Committee, the American community's lobbying arm on Capitol Hill, unleashed an arm-twisting campaign that resulted in 81 senators signing a letter urging President Bill Clinton not to put public pressure on Israel. And the American Jewish Committee released an opinion poll showing that American Jews, by large margins, oppose pressuring Israel but favor American pressure on Yasser Arafat, the chairman of the Palestine Liberation Organization.

Several prominent community leaders acceded to Mr. Netanyahu's request

for help in lobbying the administration not to go public with its plan. The campaign began in March when a delegation led by Abraham Foxman, national director of the Anti-Defamation League, took Israel's argument directly to Secretary of State Madeleine Albright, and since then there has been no lull in efforts to intercede with senior administration officials right up to Mr. Clinton and Vice President Al Gore.

The endgame still has not played out, and there probably won't be a definitive answer to what the administration will do until after Mrs. Albright meets separately with Mr. Netanyahu and Mr. Arafat in London on Monday. Until now, though, the administration repeatedly has shrank from making its plan public, and all indications are that it is very loath to get into a fight with Israel at a time when Mr. Netanyahu has succeeded in getting the American community behind him.

Less susceptible to a truce has been the open warfare raging in recent months between the Orthodox rabbis, who represent the main religious authority of Israel, and the Conservative and Reform denominations which have the largest memberships among affiliated Jews in the diaspora.

At Israel's birth, its secular Zionist founders, acting from political expediency, ceded control over the religious arena to the Orthodox norms and ideology familiar to Jews with roots in the ghettos of Eastern Europe. And, although roughly 84 percent of affiliated American Jews belong to modernist Re-

form and Conservative synagogues, all sides tacitly acquiesced for years in the system that allows Israel's Orthodox chief rabbis to dictate the rules for defining who is a Jew and who is allowed to perform conversions to Judaism.

More recently, respect for the status quo eroded as ultra-Orthodox groups, intolerant of dissent or discourse with the other denominations, have become increasingly influential in Israel. Within Israel itself, that has led to increasing social and political strife between those — scorned by their opponents as "the Jewish ayanollahs" — who want an increasingly theocratic form of government and those who see that as a threat to democracy.

For American Jews, a major side effect has been the increasingly harsh, sometimes violent attacks directed by many Orthodox against their non-Orthodox brethren. The assassination of Prime Minister Yitzhak Rabin, after religious nationalists had branded him a "traitor" and "Nazi," was only the most extreme example of how Judaism's tradition of respect for debate has broken down.

The growing climate of intolerance led American Jews to view exclusion of the Reform and Conservative as an attempt to relegate them to second-class status at the spiritual font of Judaism. As a result, both movements have intensified their efforts to gain official recognition within Israel, chiefly through legal action aimed at getting the Israeli Supreme Court to recognize the legitimacy of conversions performed by Conservative and Reform rabbis. That has become an especially important issue at a time when Israel is struggling to absorb large numbers of immigrants from the former Soviet Union, many of whom have questionable Jewish credentials but who do not want to be converted according to the rigid dictates of Orthodoxy.

Among American Jews, there are wide divergences of opinion about whether the newly assertive Reform and Conservative positions could hamper the Israeli government's ability to function effectively and damage the cohesion of world Jewry.

Mr. Foxman says frankly: "Until recently it was widely recognized that it would be too divisive to engage in a lacerating, definitional struggle about who is a Jew, or, more accurately, who is a rabbi. I think perhaps Israel and world Jewry still aren't ready for such a debate and that the wise thing would be for reasonable people to step back and postpone this to some future calmer

time." But many think that is comparable to ignoring a potentially fatal illness until it is too late to treat it.

Among the most prominent exponents of this view is Rabbi Isaac Schorsch, chancellor of New York's Jewish Theological Seminary, the academic and spiritual center of Conservative Judaism.

"Jews in Israel and in the diaspora can no longer avoid confronting the question of how a Jewish state dominated by the Orthodox can serve as the center of a Jewish world where the Orthodox are only a small part of the population," he said.

TO reinforce the campaign to break the Orthodox monopoly within Israel, Rabbi Schorsch has called for Reform and Conservative Jews to "stop funding all ultra-Orthodox organizations and institutions for whom religious pluralism is anathema" and to put pressure on the United Jewish Appeal, the principal charitable fund-raising institution of American Jewry, to use its distribution of money to promote religious pluralism in Israel.

That doesn't strike a very sympathetic note among United Jewish Appeal officials, who argue that giving for worthy charitable purposes shouldn't be caught in the cross-fire of the religious debate and who have sought to drop the word "pluralism" from their fund-raising appeals because of its divisive connotations.

"Pluralism means vastly different things to different Jews; it's anathema to the Orthodox, a call for reform to others, and the tendency of both sides to brandish it as a weapon is why we don't want the rabbis applying it to our work," said Bernard Moscovitz, executive vice president of the national United Jewish Appeal. "Yet what we do is unquestionably pluralistic. Our programs are to benefit Jews of any stripe, no matter how they practice their Judaism, no matter if they're in Israel or other parts of the world, no matter what their size or color or whether they stand and pray before the [Western] Wall or whether they turn their backs to the Wall."

Mr. Moscovitz believes that most American Jews agree with him, and he argues that appeals by Rabbi Schorsch and others to impose conditions on charitable giving have had minimal effect. He notes that "in this year when the religious debate has been most intense, we raised \$738 million in the United States — an increase of 2 percent over the preceding year. What's more, it was the first year we had an increase since 1989."

JOHN M. GOSHKO is a diplomatic reporter for *The Washington Post* and is currently based at the United Nations.

Germany, the Unlikely Friend

By Josef Joffe

MUNICH — Israel and Germany, now prosperous, powerful and middle-aged, belong to that category of tales beginning with: "Back then, only lunatics would have predicted that..."

Back then was 1948, when Israel was born, and 1949, when the western part of the defeated Reich was reincarnated as the Federal Republic of Germany. Back then, West Germany was a pariah among nations, and Israel a bad bet to make it through the summer of 1948, besieged as it was by half a dozen Arab armies. For all its weakness, though, Israel would have nothing to do with Bonn, and the West Germans would not dare suggest otherwise.

Today, Germany arguably is Israel's second best friend in the world, right after the United States. It is number three among Israel's top trading partners. And it isn't just oranges and tourists that are exchanged, but high-tech goods like arms, software and avionics.

As they say, only lunatics would have predicted such a turn. In 1948-49, even formal relations were inconceivable between the heirs of Hitler and the haven of the survivors. Until the mid-1950s, the Jewish state snubbed Bonn. Thereafter, West Germany cold-shouldered Israel. It took until 1965 for the two countries formally to recognize each other — ironically, with the help of Nasser, the Egyptian dictator.

Bonn refused formal relations because it feared retaliation by the Arabs who would then recognize Communist East Germany, the Federal Republic's rival and nemesis. So until 1965, the most interesting part of the relationship was secret, based on moral obligation, but also on the sturdy foundation of them all: complementary interests.

Back then, Israel needed weapons and money, and West Germany needed above all moral respectability. Amends had to be made to the Nazi victims, and in 1952, Bonn offered 3 billion marks to the young Jewish state (about \$8 billion in current dollars). While the Israeli right was threatening revolt, the Ben-Gurion government calmly accepted in the name of realpolitik.

A mere five years later, a clandestine arms trade began to flourish. At first it was strangely one-sided, with Israel delivering Uzis and ammunition to the young Bundeswehr. But in March 1960, the principals — Konrad Adenauer and David Ben-Gurion — met secretly in New York's Waldorf Astoria to launch a much broader relationship.

Fifteen years after the liberation of Auschwitz, the two men hit it off right away, according to the recently declassified minutes. "We will help you, for moral reasons and those of practical politics," said the German chancellor to his Israeli counterpart. "Israel is the fortress of the West; Israel has to develop in the interest of the whole world. We will not leave you alone."



In New York in March 1960, Ben-Gurion, left, and Adenauer established closer ties.

Ben-Gurion replied: "There are two things we need from you. The first are submarines. The second thing are missiles." Adenauer apparently pledged 200 million marks worth of arms plus 2 billion marks in credit.

But Adenauer was not quite as unselfish as he sounded. The favor he extended to Israel was, at heart, owed to Bonn's Cold War protector, Washington. Eager to extend military aid to Israel, but unwilling to reap Arab hostility, the United States pressed Bonn to act as the go-between for hundreds of tanks and other heavy equipment.

Of course, such massive transfers could not remain secret. In due time, Nasser began to flirt with East Berlin in order to put pressure on Bonn. In the end, when Nasser invited the East German leader Walter Ulbricht to Cairo, the gambit backfired, and an angry West Germany retaliated by finally dispatching an ambassador to Israel.

Still, secret arms deliveries continued to play a critical role in the relationship. During the Yom Kippur War of 1973, the United States resupplied Israel through the German port of Bremerhaven. The Bonn government closed both eyes, only to huff and puff with calculated anger when the local press got hold of the story. More significant than the formal protest, though, was the timing: late enough in the game for Israel to have turned the tables against the Arabs, finishing the war deep within Egyptian territory.

The government of Willy Brandt made explicit the essential nature of the relationship. Although realpolitik in the shape of the 1973 Arab oil embargo

demanding a pro-Arab turn, Bonn could not completely escape the hold of history. Brandt put it thus: While Bonn refused to choose sides in the Mideast conflict, there could be no "neutrality of the heart and the conscience." The relationship with Israel was of a "special nature," and there could be no "wiggling out" of the lessons of history.

This pretty much sums it all up. Given Arab numbers, wealth and markets, German policy logically should have tilted away from Israel a long time ago. But it does not because of the peculiar historical legacy that keeps both countries chained together. When the European Community, in 1973 and 1980, issued two famous declarations on Palestinian rights and Israeli obligations, Bonn, in each case, succeeded in blunting the sharp anti-Israeli blade wielded by the French and the British.

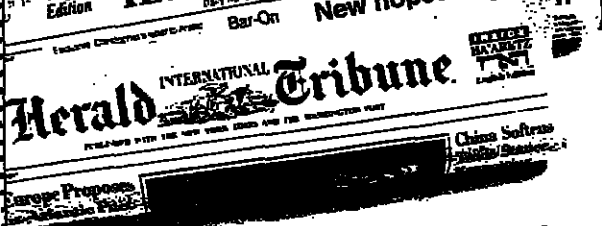
When the French seek to mediate in the Middle East in the name of what one might call "pro-Arab evenhandedness," the Germans pointedly refuse to tag along. Fearful of alienating the Arabs but conscious of their historical responsibility, the Germans will aid and protect Israel — but behind the scenes.

The pattern continues to hold. Take Gerhard Schröder who was anointed in March as the Social Democratic chancellor candidate. In his youth, as leftist radical, Mr. Schröder did not have many nice things to say about "imperialist" Israel. But now, a trip to the Jewish state was among his very first forays abroad.

Israel at 50 and Germany at 49 have come a long way from tragedy and immeasurable pain. Today, Germany is surely Israel's best friend in Europe. Sometimes one wonders, though, whether enough Israelis in power understand this.

JOSEF JOFFE is editorial page editor of the *Süddeutsche Zeitung* in Munich.

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WORLD ROUNDUP

Rugby Body Warns England and Clubs

RUGBY UNION The International Rugby Board, rugby union's world governing body, threatened Tuesday to expel the Rugby Football Union, which runs English rugby, if it cannot stop its top clubs division.

The 12 clubs belong to a body called English First Division Rugby, which is conducting a bitter feud with the RFU and has prepared an application to the European Commission. The English clubs object to releasing players for the England team, which is run by the RFU. The clubs' submission challenges the international board's regulations on releasing players for international games and other competitions.

The international board has ordered the RFU to attend a meeting in Dublin on May 18 to explain how it plans to resolve the row.

"If certain people are not prepared to abide by rules acceptable to all the unions or try to effect desired changes other than through the democratic process, then they have no place within the official structure and nor has any union that accepts or accedes to such a challenge," said Vernon Pugh, the chairman of the international board. Pugh said the stance has the support of all the other unions on the board, including South Africa, New Zealand and Australia.

According to the lawyers for the English clubs their challenge — soon to be debated in Brussels — cannot be withdrawn. (APF)

Gabe Paul Dies at 88

BASEBALL Gabe Paul, a baseball executive who helped build a world championship team for the New York Yankees, died Sunday at age 88. Paul helped put together pennant-winning teams for the Cincinnati Reds and Yankees, including the New York team that won the 1977 World Series.

Wimbledon Purse Rises

TENNIS Total prize money at Wimbledon will rise to \$7.2 million (\$11.95 million), up from about \$6.9 million (\$11.45 million) in 1997, officials said Tuesday. The purse has increased 4.7 percent in pound terms and about 6.5 percent in dollar terms from last year.

The men's singles champion will win \$435,000 up from \$415,000. The women's champion will win \$391,500 up from \$373,500.

"I always compare the women's tennis and men's tennis to boxing," said John Curry, chairman of the All England Club. "Why do you pay a lot more to go see a heavyweight fight? Because you know the heavyweight is going to beat the lightweight."

Curry said a survey of 1,500 people who attended last year's championships showed that said 71 percent preferred men's singles.

"There is a greater demand for men's singles than there is for ladies, even today with Venus Williams and Hingis arriving," he said. "It's true to say the women don't feel they are being treated fairly, but we can't on a commercial basis meet them."

Andre Agassi overcame a second-set lapse to beat Todd Woodbridge 6-1, 3-6, 6-3, Tuesday to reach the second round of the BMW Open in Munich. (AP)



Andre Agassi playing a shot to Todd Woodbridge on Tuesday.

Playoff Joy: Underdogs Bite Back on Ice and on Court



Buffalo's Brian Holzinger, cheering his second-period goal. The Sabres, seeded No. 6, beat the Penguins, the No. 3 seed, to take a 2-1 series' lead.

Corson Scores Twice to Lift Montreal to 2-1 Lead in Series

The Associated Press
The Montreal Canadiens, who struggled at home all through the regular season, won their first home game in the postseason.

Shayne Corson scored two goals as the Canadiens beat the Penguins, 3-1, on Monday night. Montreal also solved its

NHL PLAYOFFS

problems in the faceoff circle and won 61 percent of faceoffs in the game.

"It was the best game our team has played in a long time — regular season or playoffs," Corson said. "It was really a team effort."

The victory gave Montreal, the No. 7 seed in the playoffs, a 2-1 lead in the best-of-7 Eastern Conference series. Pittsburgh is seeded No. 2.

Martin Rucinsky had a goal in the first period after Jaromir Jagr opened the scoring for the Penguins, but the Canadiens shut out Pittsburgh on six power-play chances. And, except for the early goal, they threw a blanket over the high-scoring line of Jagr, Ron Francis and Stu Barnes.

Francis was unhappy with his team's play Monday night.

"I thought we had six or seven chances in the first period and didn't score," the Pittsburgh captain said. "We've got to score more than one goal to be successful."

The Canadiens were reminded countless times prior to the game about their losing home record since moving from the Forum to the Molson Centre in 1996 and looked nervous until Pittsburgh opened the scoring 5 minutes and 33 seconds into the game.

The Canadiens outworked Pittsburgh from then on and outshot them, 22-20, overall.

Some energetic Montreal forechecking led to the tying goal at 17:10, when Brian Savage fed Rucinsky alone in front to beat Tom Barraso from the edge of the crease.

Corson was stopped on two shots from the side of the net, but then converted a feed from Vincent Damphousse with a shot that went in off Barraso's foot on a power play 4:47 into the second period. Mark Recchi hit Corson with a pass cutting in alone on Barraso and the big left wing slid in a shot at 9:56 of the third period for his second of the game.

Baseball 4, Kings 3 In Los Angeles, the Kings were within 12 minutes of their first playoff victory in five years when Sean O'Donnell's ejection led to a five-

minute power play for St. Louis. The Blues scored four goals in a 3-07 span, including Terry Yake's go-ahead goal, to take a 3-0 lead in the series.

The Kings led, 3-0, when O'Donnell received the costly penalty at 8:44 of the third period. O'Donnell was expelled by the referee, Don Koharski, for going after Geoff Courtnall, who had charged the Kings' rookie goaltender, Jamie Storr.

O'Donnell jumped on Courtnall and tossed a variety of punches.

"It's the biggest game of our season and the guy runs from the blue line. You could see him picking up speed and he runs our goalie," O'Donnell said in an angry Kings locker room. "Sure, I hit him, but it was in the back of the head. It was nothing, nothing."

Courtnall did not retaliate and eventually skated away with a charging minor penalty, which was offset by Ian Lapierre's boarding foul.

The Kings' coach, Larry Robinson, was furious at the referee.

"He robbed us of a game, plain and simple," Robinson said. "The guy attempts to injure, runs our goalie. He could have put him out of the game and he gets a two-minute for charging. It's just a disgrace."

Storr, making his second career playoff start, saw his shutout bid vanish in a barrage of pucks.

First, Pascal Rheaume scored for St. Louis at 9:59. Brent Hull scored his first goal of the series a minute later. Pierre Turgeon tied the game at 3-3 when he redirected Al MacInnis's shot into the net. With 28 seconds left on the power play, Yake scored the go-ahead goal against a stunned Storr.

"That's the officiating. They did what they have to do," said Storr, trying to hold back tears. "I'm real disappointed in myself. I let the team down."

Sabres 6, Flyers 1 In Buffalo, the Sabres scored four times in the second period to beat the Flyers after two tight games in their series.

Miroslav Satan scored in each of the first two periods as the Sabres, who are seeded No. 6, built a 5-0 lead and outplayed the Flyers to take a 2-1 lead in the series. Philadelphia is seeded No. 3.

The game was close before the Sabres turned up their play in the second period and chased Sean Burke from the Philadelphia net.

Burke was disheveled after Buffalo scored every way possible.

"Everything went our way, everything went in the net for us," said Buffalo's Dixon Ward.

Cavaliers Avoid Elimination by Beating Pacers

The Associated Press
CLEVELAND — Shawn Kemp awoke a slumbering team and its fans with an emphatic performance that made sure Larry Bird will not sweep his first playoff series as a coach.

Kemp scored 31 points as Cleveland, the No. 7 seed in the Eastern Conference, avoided elimination with its

NBA PLAYOFFS

first home playoff victory in five years, an 86-77 victory Monday night over the second-seeded Indiana Pacers.

Asserting himself so ferociously that even court-side fans were pointing and screaming, "Give it to him," Kemp sealed the victory with a 16-foot jumper that made it 84-77 with 29 seconds left.

Only five teams have come back from 2-0 deficits in a best-of-5 series. The last team to lose such a series after leading 2-0 was Seattle when Kemp played for them.

On Monday, he made 11 of 21 shots and pulled down seven rebounds. Whatever combination of defenders Bird put on him, he dominated. However, the Pacers felt that Kemp got help from the officials.

"A lot of times I thought we defended him well, but they bailed him out with the call," said Bird.

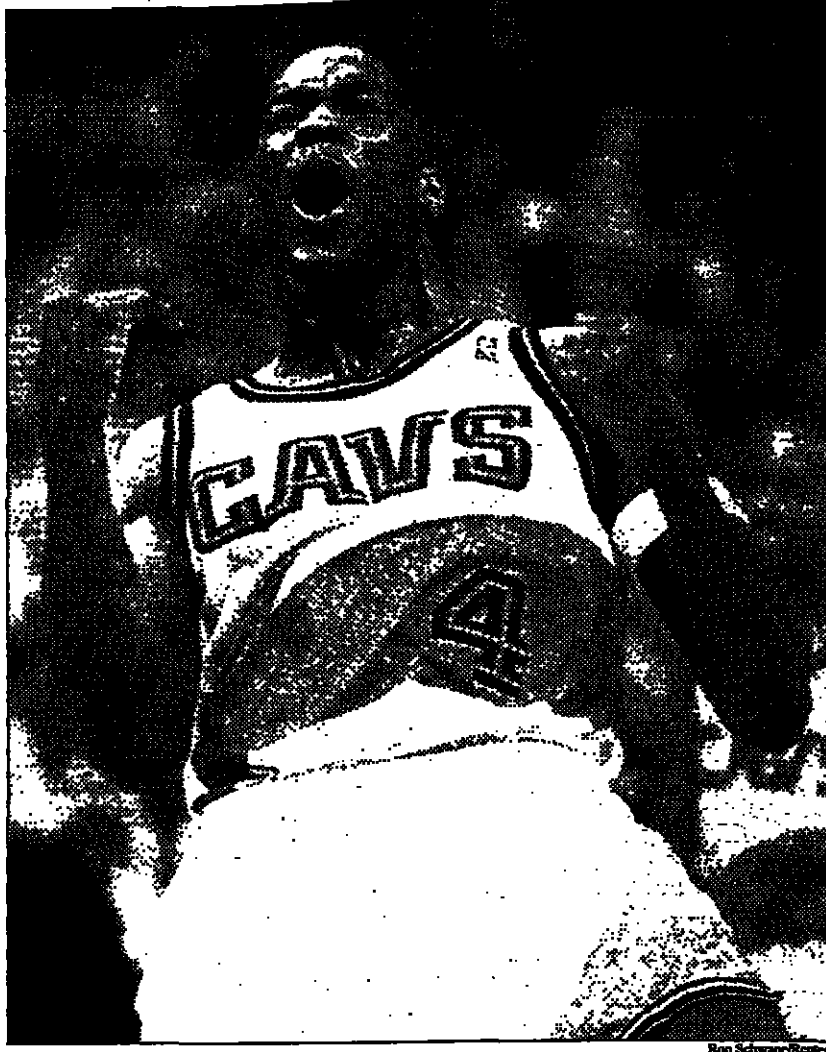
Mark Jackson, the Indiana point guard, said, "It's sad when you go to the line 15 times and they go to the line 37 times. Either we weren't as aggressive as we should have been, or it was something else."

Kemp, who was 9-for-10 from the line, said, "I've been going to the free-throw line for about eight or nine years. It's not going to stop."

The Cavaliers, who have three rookies in the starting lineup and a fourth who plays regularly, were 25-for-37 from the line. Indiana was 15-of-15.

Rik Smits led Indiana with 26 points on 11-for-17 shooting before fouling out with 86 seconds left.

Reggie Miller had 18 points despite being hampered by a sore left leg that he stretched and limped on during the second half. Jackson surpassed his own club playoff record with 17 assists. Derek Anderson, a reserve, scored 11 points.



Shawn Kemp, who scored 31 points, celebrating a basket against Indiana. Kemp led the Cavaliers to an 86-77 victory. The Pacers lead the series, 2-1.

Zydrunas Ilgauskas had 13 points.

But it was Kemp's 16-foot jumper that won the game. "If you can't get excited now, then you don't belong in this building," Kemp said. The game drew 17,495, about 3,000 short of a sellout at the Gund Arena.

Cleveland's coach, Mike Fratello, said, "I just felt in my heart that Shawn did not want to see this thing end tonight."

Spurs 100, Suns 88 Tim Duncan scored 22 points and helped key a crucial third-quarter rally as San Antonio won the first of two home games that could carry the Spurs into the second round.

Duncan, who was presented the Rookie of the Year trophy before the game, also had 14 rebounds for the

Spurs, while David Robinson had 17 points, 12 rebounds and four blocked shots.

Vinny Del Negro, starting in place of Will Perdue, and Jaren Jackson scored 18 points apiece for San Antonio.

"We had to go with the more productive lineup to start the game," said Gregg Popovich, the Spurs' coach. "We didn't want to fall in a hole early."

The teams were tied at halftime, then Duncan scored eight points and Robinson six as the Spurs outscored the Suns, 27-15, in the third period.

"The third quarter was tough for us," said Danny Ainge, the Suns' coach. "Their small lineup killed us. Their big lineup hurt us, but their small lineup killed us."

Honest Mistakes or Biased Calls?

International Herald Tribune

LONDON — Conspiracy theories go with soccer like garlic with cooking. The night amount heightens the sensation; too much overpowers the flavor.

Last weekend, four championships emitted the aroma of accusation that referees had conspired to pervert the outcome of key matches. In Turin, Ronaldo, the most renowned modern soccer player, and Massimo Moratti, his billionaire president at Internazionale, claimed a referee denied Inter Milan a blatant penalty and moments later "gave" one to Juventus.

The player and his president are in trouble with Italy's disciplinary committee for inflaming public suspicion. The integrity of the sport stands trial with them. Either they substantiate their notions that Juventus is being handed the league championship through bias, or they pay the fine and perhaps forfeit a match or three in suspension.

On the same Sunday, another referee was airlifted out of a stadium by helicopter after sending off three Rimini players in a Division C derby match against Castel San Pietro. A sign of the times, perhaps: The rescue vehicle was provided by the Guardia di Finanza.

In Romania, reminiscent of old Ceausescu corruptions, Rapid Bucharest so bitterly swallowed defeat that it wrote to the federation demanding that referee Marcel Savanin be banned for life. He had "made at least five big mistakes, deciding the match and the championship" in favor of Steaua Bucharest.

In Brazil, where Pele has framed a parliamentary law against soccer corruption and where championships are refereed by foreigners, a semifinal in Sao Paulo state degenerated into looting after Corinthians advanced to the final on a tiebreaker. Portuguese, the beaten team, swears that Corinthians did not score one legitimate goal in the second leg, when both its goals came on penalty kicks.

Television apparently confirmed protests that the Portuguese defender Cesar controlled the ball with his chest, not his hand, when the second penalty was awarded in the last minute. Javier Castrilli, a referee from Argentina, expelled three irate Portuguese players before allowing Freddy Rincón to score the penalty. This, with the earlier penalty for an alleged foul off the ball, tied the score at 2-2. Portuguese officials see it as a conspiracy — robbing the poor to facilitate trophies for the rich.

Mexico police used tear gas to dispel fanatics intent on confronting a referee they think conspired to assist Necaxa to a 2-1 victory in the first leg of a semifinal at Atlas. The Atlas coach was ejected, as was a Necaxa player, and eight players were cautioned. But what brought the match to the brink of riot was the winning goal on which two Necaxa forwards seemed palpably offside.

It is a matter of opinion whether Italian referees are corrupt or whether the forwards — as

World Soccer/ROB HUGHES

While ill will spread like chicken pox, a match in Scotland ended in disappointment for Celtic. The team is desperately seeking to prevent a 10th successive championship going to its neighbor, Rangers, but on Sunday hope was dimmed by a 0-0 home draw against Hibernian, a team already virtually relegated from the division.

There was controversy. A Celtic forward had broken away and rounded the Hibernian goalkeeper, when the whistle blew. He was judged offside, an erroneous decision since the player had sprinted from his own half of the field. Many of the 50,000 spectators knew the referee and his linesman had made a mistake.

That is how the event was reported, an error in a passionate high-speed game. The crowd accepted, without rancor, the referee's decision as final. They made no assumption of connivance. And many applauded Hibernian's refusal to surrender at feeble Celtic stadium.

There lies the integrity of sport. The officiating may be humbly flawed, but the fans went home to kick the cat after tolerating a crucial error. Should Celtic lose the title, the mood might swing, though knowledgeable people accept that errors tend to balance out over a season.

YET some fans are sometimes less reasonable. The Italians' acclaim when Alessandro Del Piero scored a climactic winning goal — yet another one — was unconstrained. The Italian impulse to interpret refereeing errors as collusion is clear.

In Turin, the fevered outcry against referee Piero Ceccarini was personified by Gigi Simoni, Inter Milan's white-haired coach. His players had come to fight in a skirmish littered with bruised ugliness. But when, midway through the second half, Ronaldo powered into the Juventus penalty area he was faced, head to head, by defender Mark Iuliano.

It is a matter of opinion whether Italian referees are corrupt or whether the forwards — as

forwards sometimes do — looked for body contact to fall to the ground and claim a penalty.

From where I stood, in the pit lane at the Imola motor racetrack in Italy, Italians watching replay after replay were divided. The Inter fans were incensed when Ceccarini not only waved play on but also assessed a penalty the other way when Juventus swiftly counterattacked. Del Piero came into minimal contact, if any, with Taribo West, an Inter defender. The penalty shot was denied by the goalie, but the cries of "fix" echoed Tuesday through Italy's Parliament. In a league where forwards make deceiving referees an art, Ceccarini was labeled another Juventus lover.

"The whole world saw what happened, everyone else saw Iuliano's foul on me," said Ronaldo. "We know Juventus benefits from favoritism."

"They can punish me with another fine, but I will not stay silent," he added. "Soccer is about happiness, but you can only be happy if it is 11 against 11. When it is 11 against 12, soccer becomes sad. I feel like crying."

The Italian league, which had already fined Ronaldo for a previous outburst, responded Tuesday by suspending him for two games. It also banned Simoni and Ze Elias, a midfielder who was ejected for three games Inter has three games left and trails Juventus by four points. These bans further ruin Inter's pursuit.

In any case, the insinuation, fueled by presidents and devoured by the Milanese press, is that Juventus wins too many games, too many championships, with too much help from referees. If it is so, the evidence lies in the hands of the referee's supreme who, in Italy, analyzes every performance. If it is not, it ill behooves players and presidents to blare that they lose because of corrupt officials. If that is the case, Ronaldo and Moratti, are your own considerable victories also bought?

Rob Hughes is the sports correspondent of The Times of London.

27 World Cup Games Sold Out

World Cup organizers sold 14,000 tickets by telephone Tuesday and said that of 27 the matches covered by the telephone sale were sold out. Agence France-Presse reported from Paris.

Those matches are:
Neth. vs. Belgium, June 13 at St. Denis
Spain vs. Nigeria, June 13 at Nantes
Argentina vs. Japan, June 14 at Toulouse
Germany vs. U.S., June 15 at Paris
England vs. Tunisia, June 15 at Marseille
Scotland vs. Norway, June 16 at Bordeaux
Brazil vs. Morocco, June 16 at Nantes
France vs. S. Arabia, June 19 at St. Denis
Nigeria vs. Bulgaria, June 19 at Paris
Japan vs. Croatia, June 20 at Nantes
Argentina vs. Jamaica, June 21 at Paris

Germany vs. Yugoslavia, June 21 at Lens
United States vs. Iran, June 21 at Lyon
Romania vs. England, June 22 at Toulouse
Italy vs. Austria, June 23 at Saint-Denis
Brazil vs. Norway, June 23 at Marseille
Scotland vs. Morocco, June 24 at Lyon
France vs. Denmark, June 24 at St. Etienne
Neth. vs. Mexico, June 25 at St. Etienne
Germany vs. Iran, June 25 at Montpellier
U.S. vs. Yugoslavia, June 25 at Nantes
Colombia vs. England, June 26 at Lens
Japan vs. Jamaica, June 26 at Lyon
2d round, June 27 at Paris
2d round, June 28 at Saint Denis
2d round, June 28 at Lens
2d round, June 30 at Saint-Etienne

Olympics Add Insulin to Banned List

The Associated Press
SYDNEY — Insulin has been added the International Olympic Committee's list of banned drugs and diuretics have been upgraded to "masking-agent" status, Prince Alexandre de Merode, the IOC's medical chairman, said Tuesday.

Four Chinese swimmers still under investigation by world swimming's governing body allegedly tested positive for diuretics at the world championships in Perth in January. The Chinese have reportedly argued that the substances found in the drug tests were just herbal medicines that had similar properties to diuretics.

Diuretics previously had their own category on the banned list.

"When you use a diuretic agent, it can hide the presence of a steroid or a high testosterone level," de Merode said. "The analysis becomes unusable so the use of diuretics should be depressed."

In a healthy person, insulin, a hormone produced by cells in the pancreas, allows the cells of the body to use the sugar derived from food. It is commonly used by diabetics to help counteract the illness. De Merode said athletes can gain muscle mass by injecting insulin, and misuse can result in death.

Diabetics will be allowed to compete and use insulin.

The IOC has also decided to add an extra round to the swimming events in Sydney, Jacques Rogge, an IOC committee member, said Tuesday. He said, however, that FINA, the governing body of world swimming, would have to organize a trial at a pre-Olympic event to make sure the format worked.

Under the current system used in Olympic and world championships, the fastest eight swimmers from each event qualify for the final, which is held on the same day as the heats in all events apart from the women's 800 meters and

men's 1500 freestyle. Under the new system, the heats and the new semifinal round would be held the day before the final.

Gunnar Werner, the honorary secretary of FINA, the governing body of world swimming, said television companies had been one source for the push for semifinals.

Terry Gathercole, chief of the Australian swimming federation, and Don Talbot, the national coach, have criticized the idea. They say the extra race will limit the number of events a swimmer can enter and will give the United States an overwhelming advantage, because it has greater depth in its team.

Michael Klim, an Australian swimmer, won seven medals, including four golds, at this year's world championships, where he raced 11 times in a week. If the event had been held under the new format, he would have had to swim 15 times. (AP, Reuters)

SPORTS

Pettitte Wins All-Too-Rare Matchup of Mound Aces

By Murray Chass
New York Times Service

NEW YORK — The pitching matchup at Yankee Stadium prompted Don Zimmer to recall his days with the Brooklyn Dodgers.

"Whenever we played the Phillies," the Yankees' coach related, "it seemed like Roberts always hooked up against Newcombe."

Don Newcombe was the best the Dodgers had, and Robin Roberts was the best the Phillies had, and the matchup was one of the most attractive of those years. Just like Sandy Koufax-Juan Marichal in the next decade or Koufax-Bob Gibson or Marichal-Gibson or any of the games matching Steve Carlton, Tom Seaver or Ferguson Jenkins with each other or with Marichal or Gibson.

Baseball is all the poorer with that level of matchup occurring less and less frequently. They just don't make many pitchers with that kind of talent anymore. Andy Pettitte versus Roger Clemens is as good as this era can offer, and it was served up Monday night for the second time in six days, as Tino Martinez drove in the only run with a third-inning sacrifice fly and Pettitte came out ahead in a 1-0 Yankees victory. When the Yankees played in Toronto last Wednesday night, Pettitte prevailed in a 9-1 decision, pitching a six-hit complete game while Clemens left in the seventh, allowing nine runs (six earned).

Assessing Clemens before the game Monday night, the Yankee manager, Joe Torre, said it would be foolhardy to go into a game against him "thinking about



The Blue Jays' Roger Clemens pitching to a Yankee in a losing cause.

kicking his" behind. "You go in thinking 'Let's get a run, let's get two runs.' ... Torre said. "You can't go in thinking just because you got Clemens one time you're going to get him again."

Before these back-to-back encounters, Clemens and Pettitte had faced each other only twice, both times in the last week of the 1996 season, the last one for Clemens in Boston. The Yankees won both games, though Pettitte did not get the decision either time. Clemens emerged with no decision in the first game, and the loss in the second on home runs by Bernie Williams and Mike Aldrete.

With two losses of his own and three team losses in three starts against Pettitte, Clemens could be on his way to a Dave Stewart-like experience. Stewart lost his first confrontation with Clemens, in 1984, then won every one of their other nine matchups, including five in his four successive 20-victory seasons and two in the 1990 American League Championship Series. Clemens was the loser in all but one of the playoff games.

Pettitte did not face Clemens last season, but he did hook up twice with the Blue Jays' Pat Hentgen, who edged him for the Cy Young award in 1996. They

took turns beating each other with shutouts.

When pitchers are asked about facing other pitchers, they always remind the questioner that they are facing the other team's hitters, not the pitcher. Hentgen pointed that out Monday night, but he then offered a more candid thought.

"In the back of your mind," he said, "there's no question, when you face that top guy you know that you're going to have to be at your best and you won't be able to get away with having a bad inning. When you face a guy like Pettitte, with the success he's had, you know he's going to go out and keep his team in the game. You have to do the same."

Hentgen recalled how nervous he was when, as a rookie, he faced Randy Johnson for the first time and watched Johnson strike out 16 and pitch a 3-0 shutout. Neither Pettitte nor any other Yankees pitcher has had that problem in recent seasons because the last time Johnson pitched against the Yankees was when he relieved in the fifth and final game of their 1995 playoff series against Seattle.

Not only are there fewer pitchers who are capable of creating a don't-miss matchup, but among those who are, there aren't many encounters of the desirable kind.

Call the Giants 'Comeback Kids'

San Francisco Rallies Past Bucs for 2d Straight Ninth-Inning Victory

The Associated Press

For two straight games, the San Francisco Giants hit the ball just far enough in the ninth inning to win.

Jeff Kent bounced an infield single off home plate with the bases loaded in the bottom of the ninth on Monday night, giving the Giants a 6-5 victory

BASEBALL ROUNDUP

over the Pittsburgh Pirates. The Giants had overcome a 5-0 deficit to be in a position to win.

On Sunday, San Francisco rallied from six runs down, getting homers in the ninth from Stan Javier and Charlie Hayes to beat Milwaukee.

"Last year we showed anything can happen," said Dusty Baker, the San Francisco manager, whose team has 54 come-from-behind victories over the past two years and eight this season. "And it's been happening. You've got to believe you can come back, and these guys do."

With one out in the ninth and the score 5-4, Rich Loeiselle walked J.T. Snow, who was replaced by a pinchrunner, Rey Sanchez. Marvin Benard followed with a run-scoring double and took third on the throw home.

Bill Mueller and Barry Bonds were intentionally walked to load the bases for Kent, who had gone hitless in four previous at-bats. Kent hit a high chopper that didn't leave the infield but stayed up long enough to allow Benard to score the winning run.

Brewers 3, Dodgers 2 In Los Angeles, Jeremy Burnitz hit a two-out, run-scoring single in the 13th for Milwaukee. Burnitz, who had struck out four times, scored Fernando Vina from second.

The run was the first allowed by the Los Angeles bullpen in 34 1/2 innings.

Brewers 6, Diamondbacks 5 In Phoenix, Keith Lockhart's run-scoring single with one out in the ninth won the

game for Atlanta, which had blown a 5-3 lead in the eighth. Atlanta's winning run was set up by shortstop Jay Bell's second error of the game.

Cubs 3, Padres 1 In San Diego, Sammy Sosa hit a two-run homer and Kevin Tapani (4-1) shook off being struck by the barrel of a broken bat as Chicago snapped a five-game losing streak.

Tapani was hit on the left thigh by the barrel of Archi Cianfrocco's bat in the fourth inning. Tapani felled the comebacker and threw out Cianfrocco to end the inning. He stayed in the game and pitched eight strong innings, allowing one run and five hits.

Melina 5, Rockies 4 In Denver, Bobby Bonilla's first homer of the season, a solo shot in the 10th, rallied Florida. Bonilla, who had three hits, sent a liner into the right-field stands to break a 4-4 tie.

Cardinals 7, Expos 0 In St. Louis, Donovan Osborne allowed three hits in seven scoreless innings to win for the first time since last Aug. 31. The Expos, who lost to Houston, 15-0, on Sunday, have lost four straight and haven't scored in their last 21 innings.

Reds 3, Phillies 1 In Cincinnati, Eddie Taubensee hit a two-run homer in the third and Brett Tomko allowed only three hits in eight innings for Cincinnati. Taubensee's homer decided a pitching duel between Tomko and Tyler Green (2-2), each of whom allowed one run and three hits through eight innings.

Astros 4, Mets 3 In New York, Tony Eusebio's run-scoring double capped a three-run ninth inning as Houston rallied in a makeup of a rained-out game.

In the American League: Red Sox 6, Tigers 5 Midre Cummings and Darren Lewis homered in the eighth inning as Boston rallied to beat Detroit at Fenway Park. The Red Sox overcame a 5-1 deficit to win their seventh straight and their 14th in 15. The Tigers lost their

fifth straight and dropped to 4-17, matching their worst start ever.

Athletics 7, Devil Rays 6 Kevin Mitchell drove in three runs, including two on a ninth-inning single, to give visiting Oakland a victory over slumping Tampa Bay.

Mitchell got the game-winning hit off Roberto Hernandez, who walked the bases loaded before blowing a save opportunity for the second time in four tries.

Fred McGriff homered twice and drove in five runs, and Miguel Cairo hit his first major-league homer for Tampa Bay, which led 5-0 before Oakland scored five runs in the fifth to tie it.

Angels 4, Orioles 1 In Baltimore, Chuck Finley won his 14th straight decision as Anaheim extended its winning streak to five.

Finley (4-0) gave up four hits over eight innings, struck out nine and walked six. His streak, which began last July 1, is three short of the American League record held by Johnny Allen and Dave McNally. He lowered his earned-run average to an AL-best 1.54.

Rangers 9, Twins 4 Rick Helling joined his teammate Aaron Sele as the majors' only five-game winners and Lee Stevens homered as Texas won in Minnesota.

Helling, playing in front of about 400 friends and relatives from his hometown of Fargo, North Dakota, struck out 10 in 8 1/2 innings. He gave up eight hits and walked three while improving his record to 5-0.

White Sox 10, Indians 3 Robin Ventura went 4-for-5 and Mike Caruso hit a two-run triple as Chicago beat visiting Cleveland.

Ventura doubled in the fourth, hit a run-scoring single in the fifth, a run-scoring triple in the sixth and a single in the eighth.

Seattle at Kansas City was postponed by rain.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
New York	15	5	.750	15
Boston	12	8	.600	3 1/2
Baltimore	13	11	.542	4 1/2
Tampa Bay	11	12	.478	6
Toronto	9	14	.391	8

CENTRAL DIVISION

	W	L	Pct.	GB
Cleveland	13	10	.565	2
Kansas City	10	14	.417	3 1/2
Minnesota	12	12	.500	2 1/2
Chicago	9	13	.409	5 1/2
Detroit	4	17	.190	8

WEST DIVISION

	W	L	Pct.	GB
Texas	16	7	.696	1
Anaheim	13	10	.565	3
Seattle	11	13	.458	5 1/2
Oakland	9	14	.391	7

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	16	9	.640	1
New York	12	8	.600	4
Philadelphia	11	12	.478	5
Florida	9	16	.360	7
Montreal	7	19	.268	9 1/2

CENTRAL DIVISION

	W	L	Pct.	GB
St. Louis	15	10	.600	1 1/2
Chicago	13	12	.520	3
Cincinnati	11	13	.458	5
Pittsburgh	10	14	.417	6 1/2

WEST DIVISION

	W	L	Pct.	GB
San Diego	17	7	.708	1
San Francisco	12	12	.500	5 1/2
Los Angeles	10	16	.385	8
Colorado	10	16	.385	8
Arizona	7	19	.268	11

MONDAY RESULTS

AMERICAN LEAGUE

Astoria	101	100	3-9	1
Baltimore	909	900	1-4	8
C-Finley	291	290	1-0	9
Edmonton	291	290	1-0	9
Edmonton	291	290	1-0	9
Edmonton	291	290	1-0	9
Edmonton	291	290	1-0	9
Edmonton	291	290	1-0	9
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NATIONAL LEAGUE

Astoria	101	100	3-9	1
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Edmonton	291	290	1-0	9
Edmonton	291	290	1-0	9
Edmonton	291	290	1-0	9
Edmonton	291	290	1-0	9

AMERICAN LEAGUE LEADERS

	G	AB	R	H	Avg.
Rodriguez, Texas	22	86	30	42	.489
Wade, Texas	22	86	30	42	.489
Wade, Texas	22	86	30	42	.489
Wade, Texas	22	86	30	42	.489
Wade, Texas	22	86	30	42	.489

NATIONAL LEAGUE LEADERS

	G	AB	R	H	Avg.
Bichette, Texas	24	111	46	46	.414
Bichette, Texas	24	111	46	46	.414
Bichette, Texas	24	111	46	46	.414
Bichette, Texas	24	111	46	46	.414
Bichette, Texas	24	111	46	46	.414

JAPANESE LEAGUES

	G	AB	R	H	Avg.
Bichette, Texas	24	111	46	46	.414
Bichette, Texas	24	111	46	46	.414
Bichette, Texas	24	111	46	46	.414
Bichette, Texas	24	111	46	46	.414
Bichette, Texas	24	111	46	46	.414

BASEBALL PLAYOFFS

	W	L	Pct.	GB
New York	15	5	.750	15
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BASEBALL PLAYOFFS

	W	L	Pct.	GB
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Baltimore	13	11	.542	4 1/2
Tampa Bay	11	12	.478	6
Toronto	9	14	.391	8

BASEBALL PLAYOFFS

	W	L	Pct.	GB
New York	15	5	.750	15
Boston	12	8	.600	3 1/2
Baltimore	13	11	.542	4 1/2
Tampa Bay	11	12	.478	6
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SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

5), T. Martin (7), and S. Alomar; Sirota, T. Poulke (9) and O'Brien. 4-1. 1—Open. 0-1.	Dani 0-1. St—Wahlers (7). HRs— Lopez (6). Arizona, D. White (2). Chicago 200 018 0
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OBSERVER

Odiousness in Black

By Russell Baker

NEW YORK — On the supermarket parking lot my car, which is car-size, is walled in, as usual, by two sport-utility vehicles.

They are called SUVs for short, but they are not short. They are tall. What's short is my car. Also, of late, my temper. I am starting to have seizures of parking-lot rage. I sometimes see red when emerging grocery-laden from the supermarket, I find my car walled in by two SUVs.

Literally speaking, of course, what I see is black, since SUVs, for some sinister reason, all come sheathed in black glass. Trying to peer through the blackness to see what's on the other side of these colossal machines is like trying to see to the bottom of the dark tarn of Auber in the misty midregion of Weir.

I suspect it's a scheme cooked up by the SUV sales division to sell more of its odious produce. When trapped between black walls, sane drivers must back out ever so painfully, cautiously, offering the back end of the car as a probe to determine whether drivers of any unseemable vehicles are sufficiently annoyed to knock it off.

If filled with parking-lot rage, however, you may back out of the black trap at high speed, just to show the world it had better not mess with a tough and crazy guy. The colossal industry probably thinks that after your car has been destroyed in one of these outbursts of suicidal rage, you will wise up, surrender to the fad and buy a black-sheathed colossus of your own.

Forget it, you greedy auto-industry tycoons of the United

States and Japan. I will not be bullied out of my sensible, efficient car by your brutish, black-sheathed monsters.

What is this absurd boom in SUVs if not a plot to make me miserable, possibly even a plot to destroy me if I refuse to join the crowd and buy an immense trucklike machine?

Walled in on parking lots, I find myself wondering what the ideal tool would be for slashing tires. A razor? Too flimsy. An ax? Too showy. People notice men with axes. A gun would attract less attention, but shooting tires wouldn't be as satisfying as slashing them, would it?

Such childish revenge fantasies are not only unworthy of a good liberal, but also extremely dangerous. For example: Sometimes when I am driving at night, my rear-view mirror fills with blinding light. A vast sport-utility vehicle is right behind me. Because of its ridiculous height, its headlights shine straight into the normal car's rear-view mirror, blinding the driver and inviting him to crash into a boulder-strewn field where, if he survives, he may be expected to say, "Next time I'd better buy a sport-utility vehicle."

At such times, I think how sweet it would be to let insanity rule and brake so violently that the front end of the pursuing monster would be wiped out. The toll on my car and self would be terrible, of course. Better to curse and pull off the road.

Yes, my hatred for these truck-like machines is irrational. The sensible thing is to put my car up on blocks and stay home until a good genie pops out of a bottle and obeys my command to destroy them all.

New York Times Service

Into the Sanctum Delirium of Gary Larson

By Natalie Angier
New York Times Service

NEW YORK — Gary Larson and his closest friends agree. If you want to understand the man — the comic genius, the author of the blackly buoyant and sorely missed "Far Side" comic strip and a cartoonist so revered among scientists that they have named a louse and a butterfly after him — look at his work.

So let's start with a Far Side sampler, a few quick drill holes into the sanctum delirium:

A scientist is standing on a podium, holding a duck. All the scientists in the audience also are holding ducks, save for one man, whose eyes are wide open in horror. The caption reads: "Suddenly, Professor Liebowitz realizes he has come to the seminar without his duck."

A woman is pushing a vacuum cleaner down a forest road and looking around nervously. The caption: "The woods were dark and foreboding, and Alice sensed that sinister eyes were watching her every step. Worst of all, she knew that Nature abhorred a vacuum."

A group of the damned are milling around the lobby to Hell, drinking coffee from an urn as though at a company reception. Devils surround them; flames lick through the door. One grumbles to another: "Oh man! The coffee's cold! They thought of everything!"

Gary Larson, too, has thought of everything, up, behind and around nature's mad phylogeny; he has drawn everything, and he has put himself into the heads of all his creatures. And since he stopped doing his millions of fans in hell, where the coffee is always cold and the bagels are always onion, because there is no Gary Larson.

Now, Larson, 47, is among us again, not as a syndicated cartoonist, but as a contemporary fabulist, a sort of green Gary Grimm who sides with the trolls and dryads. He has a new book out called, "There's a Hair in My Dirt: A Worm's Story," a vividly illustrated narrative about a Father Worm, a Mother Worm, a sullen Son Worm and Harriet — a blundering Panglossia with a tiara and blonde bouffant. All around her real life goes on: a firefly "flashes" with a flick of his trench coat, a bear studies a "Field Guide to the Humans," "Mushroomer: Usually seen in spring and summer. Shy, secretive, always looking down. Good eating."

Over a long dinner and later in a jazz club



Gary Larson has thought of everything about nature's mad phylogeny.

Larson is a passionate jazz lover and jazz guitarist — he talked about safari ants, Tarzan, Ivan the pet-store gorilla, whip scorpions, cows, ducks and parasites. "I love parasites!" he said. "I can't get enough of them. Bring me some more schistosomiasis!"

He talked about his book, the possibility of doing a feature film and the animated video he had just finished. "It was quite a challenge to do," he said. "I didn't want any dialogue in it, just visuals, screams and grunts."

He talked about whether he might go back into the business of daily cartooning. "I don't think so," he said. "Never say never, but there's a sense of 'been there, done that.'"

Larson has been a phenomenal success by any measure. When he retired from daily cartooning, his Far Side panel appeared in 1,900 newspapers. He has published 22 Far Side books, and all but one have been best sellers. They have been translated into 17 languages and have sold 33 million copies. He has sold 45 million Far Side calendars and 110 million Far Side greeting cards. And almost everything he has done is funny.

He stands out as the darling of the scientific community. For years, his cartoons

graced the bulletin boards, supply cabinets and incubators of, oh, 98.6 percent of all laboratories. "His influence is pervasive," said Harold Varmus, director of the National Institutes of Health. "I can't tell you how many seminars I've been to that had a Gary Larson slide in them."

Scientists love him because he strips science to its pith, and he gets it right. Entomologists paid him tribute by naming a species of butterfly from the Ecuadorian rain forest the *Serratoterga larsoni*, and a species of chewing louse found only on owls the *Strigophilus garylarsoni*.

Larson's love of the swamp and all plasm within began in childhood. He and his only sibling, his older brother Dan, spent hours wading the waters of Puget Sound at low tide, swinging their nets. They caught grunt fish, octopus, salamanders, sea anemones. "We had this theory that all naturalists suffer from the 'oh please, oh please' syndrome," he said. "You're wading somewhere, and you see the biggest and most beautiful whatever. And all you can think, as you try to get up close, is, 'Oh please, oh please.'"

As a student at Washington State Uni-

versity, he started majoring in biology but changed course midway through. "I didn't want to go to school for more than four years, and I didn't know what you did with a bachelor's in biology," he said. "So I switched over and got my degree in communications. I regret it now. It was one of the most idiotic things I ever did." Entomology, he said, "is my fantasy, the road not taken."

His brother did major in biology and worked for a biological supply company before opening a plant nursery. He died from years ago, at the age of 46, from a sudden heart attack. "It was a profound loss for Gary," said Dan Reeder, a close friend who teaches high school mathematics in Seattle. "It was the only time I ever saw him really down."

In the mid-70s, he was on the verge of getting his dream gig, playing guitar for an established big band, but the band leader ended up hiring somebody else. Crushed, Larson spent the weekend drawing cartoons. On Monday, he took them to a small California magazine, and it bought them all.

Two years later, in 1979, he signed a contract with The San Francisco Chronicle to do a cartoon panel six days a week; the publisher dubbed it "The Far Side."

Larson said the relative ease with which he fell into cartooning explains why he became a cartoonist. "I don't think I ever had the stamina, or was thick-skinned enough, to go through a long process of trying to break in," he said. "I just started getting these motivations to keep going."

The great majority of his ideas for cartoons, Larson said, came straight from his head, and drew upon his early exposure to nature. He never farmed out his work to contractors, as highly successful cartoonists often do. He simply sat in his studio, and thought, and drew.

"It's a strange, very isolated world," he said. "Time was amorphous for me while I was working. The only thing I knew was that the deadline was Saturday afternoon at 3 o'clock, because that was Federal Express's last pickup for Monday delivery."

He can't say how he came up with his ideas. Professor Liebowitz and the duck? "I've had those dreams of going somewhere in my underwear," he said. "I took that idea and married it to a serious scientific forum. But it's really all about a duck." Why are so many of his cartoons about cows? "I've always thought the word cow was funny," he said. "And cows are sort of tragic figures. Cows blur the line between tragedy and humor."

PEOPLE

A JUDGE in Paris on Tuesday fined the editor of Paris Match magazine for invasion of privacy for publishing a picture 10 days before the death of Diana, Princess of Wales, that appeared to show her embracing her boyfriend, Dodi al Fayed. The judge fined Roger Therond, the chief editor of Paris Match, 50,000 francs (about \$8,350) and ordered him to publish the news of the judgment in the weekly. The case had been filed by Mohamed al Fayed, Dodi's father. It was the first of several suits he has brought against magazines and photographers that he believes may have played a role in the death of his son and Diana. Paris Match had exclusive rights in France for use of the picture, which appeared to show Diana and Dodi in an embrace on a boat off the Cote d'Azur, where they were vacationing. Al Fayed had demanded 400,000 francs in damages.

Many of the independent films that make their first appearance in the Utah mountains are now coming to New York City. Robert Redford announced that his Sundance Channel will be available beginning in June to cable subscribers in Manhattan. "We're pleased because New Yorkers have always been great supporters of independent film. It's also somewhat personal for me because I live here, although I wouldn't want a lot of people to know that," he said. Redford also resides in Utah, where he holds the annual Sundance Film Festival.

"Ragtime," a lavish retelling of E.L. Doctorow's novel of

turn-of-the-century America, received 14 Drama Desk nominations, honoring the best of the 1997-98 New York theater season. "The Lion King," a stage version of the Disney animated film, was second with 12 nominations. Both shows were nominated for best musical, along with "High Society," "Forever Tango" and an off-Broadway musical, "Hedwig and the Angry Inch." The Drama Desk, an organization of New York theater critics and journalists, includes both Broadway and off-Broadway productions in its awards. Winners will be announced May 17.

Bobby Sherman, Davy Jones and Peter Noone will tour this summer on the "Teen Idols Tour," beginning June 12 in Reno, Nevada. Sherman, whose hits include "Hey Little Woman" and "Cried Like a Baby," said the '70s are back. "I didn't want to go on tour unless I felt it was right," he said. "Over the last three or four years there's been a '70s resurgence, so I think mainly what makes this work is the timing." As the frontman for Herman's Hermits, Noone became a star with "Mrs. Brown You've Got a Lovely Daughter," and Jones sang such Monkees hits as "Daydream Believer."

A federal judge in Los Angeles has extended an order banning an entertainment firm from marketing a sex videotape of the actress Pamela Anderson and former boyfriend Bret Michaels of the rock band Poison. Michaels and Anderson

have filed separate \$90 million lawsuits against Internet Entertainment Group, claiming their privacy rights would be violated if the video was put on the Internet. A trial is pending but no date has been set.

Salman Rushdie: Another Blow

NEW YORK — Facing objections from Muslim organizations in Russia, a publisher has dropped plans to publish Salman Rushdie's novel "The Satanic Verses." The Interfax news agency reported that Limbus-Press of St. Petersburg had said its decision to abandon publication was prompted by a desire not to offend Russia's Muslims or risk provoking violence. Last week, Russian Muslims warned the company of "very serious" consequences if it proceeded with publication. Limbus-Press said it had appealed to Foreign Minister Yevgeny Primakov to resolve the problems surrounding the book.



IN SYNC — Elton John and Madonna singing a duet at Carnegie Hall in New York at a benefit to raise money to protect the Earth's rainforest environments.

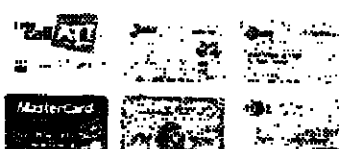


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